

JPRS-SEA-85-183

2 December 1985

Southeast Asia Report



FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

2 December 1985

SOUTHEAST ASIA REPORT

CONTENTS

AUSTRALIA

Nicaragua Rights Suspension, U.S. Policy Criticized (Editorial; THE SYDNEY MORNING HERALD, 19 Oct 85).....	1
'Radically Revised' Constitution Idea Endorsed (Mike Steketee; THE SYDNEY MORNING HERALD, 1 Oct 85).....	3
Creditable Keating Political Performance Analyzed (Peter Bowers; THE SYDNEY MORNING HERALD, 19 Oct 85).....	5
Editorial Views PNG Handling of Refugees (THE SYDNEY MORNING HERALD, 16 Oct 85).....	9
Scope of Air Defense Problems With F-18 Analyzed (Geoff Kitney; THE NATIONAL TIMES, 18-24 Oct 85).....	11
Reportage on Boycotts, Embargoes Against South Africa (Melbourne Overseas Service, 31 Oct, 1 Nov 85).....	14
International Bank Workers	14
Sea Unions Support Oil Embargo	14
Hawke, Lange, Howard Economics Analyzed (Ross Gittins; THE SYDNEY MORNING HERALD, 7 Oct 85).....	15
OECD Visitor Evaluates Hawke Economic Policies (Steve Burrell; THE SYDNEY MORNING HERALD, 16 Oct 85).....	17
Hawke Political Stakes in Commonwealth Meeting Viewed (Mike Steketee; THE SYDNEY MORNING HERALD, 18 Oct 85).....	18
Sydney Paper Views Economic Lags (Editorial; THE SYDNEY MORNING HERALD, 18 Oct 85).....	22

Coal, Sugar Firm Negotiates Barter With Romania, USSR (Peter Freeman; THE SYDNEY MORNING HERALD, 19 Oct 85).....	24
Poll Finds Lamb Producers Favor New Industry Body (Peter Austin; THE LAND, 26 Sep 85).....	27
Lamb Industry Spokesman Hit New Zealand 'Subsidy' (Bruce Mills; THE LAND, 10 Oct 85).....	28
Briefs	
'Tough Line' on Irian Refugees	30

BURMA

Economic Offensive Launched Against Karen Rebels (Pratya Sawetvimol; THE NATION, 5 Nov 85).....	31
--	----

INDONESIA

Briefs	
Three Malaysian Fishing Boats Seized	33
Daily Divides Economic, Political Ties With USSR	33

LAOS

Briefs	
Relief to SRV Typhoon Victims	34
Women Return From SRV	34
Hanoi Delegation Ends Visit	34
Monks' Issue Resolution on Peace	34

MALAYSIA

Three Members of Sabah's Ruling Party Resign Assembly Seats (AFP, 31 Oct 85).....	36
New Indian Party Registered (NEW STRAITS TIMES, 20 Oct 85).....	38
PBS Entrenches Itself in Sabah (Zainon Ahmad, Eddy Hiew; NEW STRAITS TIMES, 14 Oct 85).....	39
Battleworthiness of Tanks Praised (NEW STRAITS TIMES, 13 Oct 85).....	41
New Artillery Purchases Planned (NEW STRAITS TIMES, 13 Oct 85).....	42
Austerity Measures Possible in 1986 Budget (Hardev Kaur; BUSINESS TIMES, 22 Oct 85).....	43

Cocoa Exports for 1984 Reported (NEW STRAITS TIMES, 17 Oct 85).....	45
--	----

Briefs

Encroaching Fishermen	46
Petroleum Agreement With Thailand	46

PHILIPPINES

Cory Aquino Discusses Candidacy, Other Activities (Corazon Aquino Interview; ANG PAHAYAGANG MALAYA, 13-14 Oct 85).....	47
--	----

Church-State Reconciliation, Northern Luzon Status Analyzed (Brenda M. Gonzales; ANG PAHAYAGANG MALAYA SUNDAY, 13 Oct 85).....	52
--	----

Article on Conversion of Slain Rebel Priest (ANG PAHAYAGANG MALAYA SUNDAY, 13 Oct 85).....	56
---	----

Weekly Childrens' Feature Politicized (ANG PAHAYAGANG MALAYA SUNDAY, 13 Oct 85).....	58
---	----

Profile of Militant Unionism in Northern Luzon (Annabelle S. Cueva; ANG PAHAYAGANG MALAYA SUNDAY, 13 Oct 85).....	60
---	----

Modern International Port Opened in Cebu (BULLETIN TODAY, 30 Oct 85).....	62
--	----

Government Not Enforcing Gold Mining Ban (AFP, 31 Oct 85).....	64
---	----

Columnist Urges Privatization of Airlines (Rodolfo V. Romero; BULLETIN TODAY, 31 Oct 85).....	65
--	----

SINGAPORE

PAP Considering Key Changes in Election Process (John Thomas; AFP, 2 Nov 85).....	67
--	----

THAILAND

Athit Aides Refute Stories on Athit in Sweden, See Smear Try (CHAT ATHIPATAI, 12-18 Oct 85).....	70
---	----

Political, Military Dissatisfaction With Somchai Discussed (MATICHON SUT SARDA, 13 Oct 85).....	76
--	----

Industry Minister on Policy Plans, OP's Projects (Chirayu Isarangkun Na Ayuthaya Interview; SU ANAKHOT, 3-9 Oct 85).....	81
--	----

Deputy Minister of Industry Profiled; Notes Army, Political Ties (Anan Chaisaeng Interview; SIAM RAT SAPDA WICHAN, 6 Oct 85).	85
Army-Run Mass Development Chairman on Backing, Sales Areas (Chaloem Hinchiranan Interview; CHAT ATHIPATAI, 12-18 Oct 85).....	91
Colonel Manun Refuge in Germany Discussed (CHAT ATHIPATAI, 19-25 Oct 85).....	98
Briefs	
Crown Prince Promotion	100
Prince Army Honor Guard Missing	100

CAMBODIA

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

Sihanouk Son Clarifies Army Coordination Unit (BANGKOK POST, 29 Oct 85).....	101
KPNLF Comments on Rainy Season Activity (THE NATION, 29 Oct 85).....	102
Briefs	
KPNLF To Reorganize Force	103

PEOPLE'S REPUBLIC OF KAMPUCHEA

MPRP Greetings to KPRP Congress Reported (Phnom Penh Domestic Service, 25 Oct 85).....	104
French Communist Party Congratulates KPRP Congress (Phnom Penh Domestic Service, 29 Oct 85).....	105
Chhim Seng on Success in Communications (Chhim Seng Interview; Phnom Penh Domestic Service, 25 Oct 85).....	106
Report on Agricultural Developments 21-27 Oct (Various sources, 21-27 Oct 85).....	108
Dong Devaluation Said To Have Hurt PRK Economy (THE NATION, 24 Oct 85).....	110
Briefs	
Jaruzelski Congratulates Heng Samrin	111
'Returnees' Report to Authorities	111
Cuban Envoy Sees Hun Sen	111

Russian Art Troupe	112
Red Cross Aid	112
'Misled' Persons Returned	112
'Misled' Return to Kompong Chhnang	112

VIETNAM

MILITARY AFFAIRS AND PUBLIC SECURITY

HANOI MOI Cited on Neighborhood Committees' Role in Security (AFP, 9 Nov 85).....	113
--	-----

INTERNATIONAL RELATIONS, TRADE, AND AID

SRV, Laos Promote Cooperation in Forestry (VNA, 3 Nov 85).....	114
UN Delegates Support Dialogue in Indochina (VNA, 10 Nov 85).....	115
UN Envoy on Issue of Peace in Southeast Asia (VNA, 8 Nov 85).....	117
UNESCO Delegation Head Writes in NHAN DAN (VNA, 2 Nov 85).....	118
Pham Van Dong Hails World Youth Federation (VNA, 8 Nov 85).....	119
Leaders Send Birthday Message to Daniel Ortega (VNA, 10 Nov 85).....	120
Berlin Ceremony To Decorate GDR Army Officers (VNA, 8 Nov 85).....	121
Leaders Greet Angolan Independence Day (VNA, 10 Nov 85).....	122
VCP Guidance on Marking Lao National Day (VNA, 2 Nov 85).....	123
Briefs	
Soviet Journalist Group	124
CSSR Supreme Court Group	124
Award to Bulgarian Professors	124
Congratulations to Ivory Coast	124
CEMA Geology Meeting	125
U.S. Refusal of Visas	125
PRK Circus Performance	125
Sympathy Messages From Ceausescu, Iran	125
SRV Greetings to Poland	126
Soviet Relief Aid	126

UN Special Envoy	126
Greetings to Poland's Messner	126
Iraqi Official Receives Minister	126
USSR-Built School	127
USSR-Aided Plant	127
Envoy Helps In Harvest	127
Participation in Baghdad Fair	127
Education Delegation Visits Cambodia	128
Antonov Release	128
Cable to Angolan Counterpart	128
CSSR Delegation Visits Hanoi	129
Algerian Ambassador Hosts Reception	129
Bulgarian Journalists' Group	129
USSR Sports Gift	129
Algerian Support for SRV	129
Newspaper Editors Meet	130
Greetings to Polish Counterparts	130

PARTY ACTIVITIES AND GOVERNMENT

Army Paper Reviews Hoang Van Thai's Memoirs (Tran Ly; QUAN DOI NHAN DAN, 3 Oct 85).....	131
Briefs	
Leaders Visit Lenin Monument	134
Great October Revolution Anniversary	134
Hanoi Expands CPV Membership	135
Women Union Cadres Trained	135

ECONOMIC PLANNING, TRADE, AND FINANCE

Policy of Adjusting Prices, Wages Discussed (NHAN DAN, 24 Sep 85).....	136
---	-----

AGRICULTURE

NHAN DAN Urges Successful Winter-Spring Crop (Editorial; Hanoi Domestic Service, 23 Oct 85).....	146
Radio Reports Rice Harvest, Planting Nationwide (Hanoi Domestic Service, 9 Nov 85).....	149
Briefs	
New Sweet Potato Variety	151
Agricultural Production Highlands	151

HEAVY INDUSTRY AND CONSTRUCTION

Briefs	
Haiphong Cement Production	152

TRANSPORTATION AND COMMUNICATIONS

Briefs

Danang Port Quota Filled

153

AUSTRALIA

NICARAGUA RIGHTS SUSPENSION, U.S. POLICY CRITICIZED

Sydney THE SYDNEY MORNING HERALD in English 19 Oct 85 p 26

[Editorial: "All Power to the Sandinistas"]

[Text] ARTURO CRUZ, the former Sandinista who leads Nicaragua's democratic opposition, warned in March that political and social pluralism in his country were fast fading. Mr Cruz urged President Ortega to restrain his party's totalitarian inclinations. But he also speculated, astutely as it turns out, that the Sandinistas had "so alienated the Nicaraguan people that if they do not exercise absolute power, they will exercise no power at all".

This week's almost total suspension of civil liberties confirms that the liberal phase of the Sandinista revolution is over, and another, smaller Cuba is in the making. But whether or not this development was inevitable, and whether domestic or external factors made it so, are controversial questions. Even conservative members of the US Congress, who detest the Marxist, pro-Cuban and pro-Soviet Sandinista regime, contend that US policy has contributed to an increasing totalitarianism there. Congress has been most wary of both direct US aid to the Contras and Mr Reagan's imposition of economic sanctions.

The regime justifies its action by attacking "internal pawns of imperialism supported by some

political parties, news media outlets and religious institutions". Again, it invokes a hypothetical US invasion and alleges a plot by opposition groups and the CIA to commit sabotage in the capital. But the Contras have made few major military gains, and it is clear that US aid on its present scale will not topple the regime. The regime's real targets are the internal groups which took seriously its claims to liberalism, including trade unions, the Church, the press (excluding foreign correspondents at this moment) and private business.

Some oppositionists, having seen the emergency imposed in March 1982 virtually lifted for last November's elections, still doubt that the new decree will be rigorously implemented. But the regime believes, at the very least, that its new powers will force the internal opposition to capitulate. And consider the scope for repression: freedom of speech, assembly and travel are no longer even theoretically guaranteed. Nor are habeas corpus and the right to strike. Private mail will be increasingly censored, and the right to organise has gone.

What liberty remains? Only "the right to life and physical integrity", the Sandinista Justice Minister says. But the sad

decline in the Nicaraguan economy since 1979 means the regime will find even economic rights increasingly difficult to uphold, unless the Soviet bloc subsidises Nicaragua as it previously saved Cuba from US sanctions. Mr Cruz's Coordinadora Democratica has bravely warned that this week's decree will fuel the Contra cause, and many hitherto loyal oppositionists will doubtless be driven underground.

A restoration of freedoms is now unlikely, unless or until the Contras and other opposition groups become disruptive enough to compel the Sandinistas to sue for peace. Support for the Sandinistas would only increase if the Reagan Administration were so reckless as to actually invade Nicaragua. The Sandinista Thermidor both fulfils Mr Reagan's predictions and undermines his US critics who have advocated a more subtle policy. Now, both nations seem irreconcilable, which will cause deep disquiet throughout Central America, while the Reagan Administration attempts to formulate a response to this week's bad news from Managua.

/8309

CSO: 4200/209

AUSTRALIA

'RADICALLY REVISED' CONSTITUTION IDEA ENDORSED

Sydney THE SYDNEY MORNING HERALD in English 1 Oct 85 p 1

[Article by Mike Steketee: "A New Constitution by Popular Demand"]

[Text] CANBERRA: The Attorney-General, Mr Lionel Bowen, won Federal Cabinet endorsement yesterday for his idea of a new, broadly-based body to draw up a radically revised Constitution for Australia.

To be called a constitutional commission, it will comprise prominent Australians who will build public support for a comprehensive updating of the Constitution, which provides the framework for the political, legal and economic systems.

Mr Bowen said last night he would like to see "a brand-new document" spelling out the national responsibility for the economy, a uniform industrial relations system, the role of the States and local government and, possibly, a common court system.

After a long debate, Cabinet approved Mr Bowen's proposal in principle but told him to come back with further details on the possible membership of the commission, the resources the Government would provide and a timetable for its work.

Mr Bowen has in mind an eminent and non-controversial lawyer, such as Sir Kenneth Jacobs, a retired High Court judge, to head a commission of between 12 and 20 members.

Other names canvassed in yesterday's debate were the former Prime Ministers, Mr Gough Whitlam and Mr Malcolm Fraser and former Premiers, Mr Don Dunstan and Sir Rupert Hamer.

Ministers, particularly the former Attorney-General, Senator Gareth Evans, were less enthusiastic about some other names which have been advanced by Mr Bowen and others. These include: Mr Peter Garrett, the rock star-politician (who is also a lawyer); Dame Joan Sutherland; authors Mr Donald Horne and Mr Thomas Keneally; and a prominent member of the media such as Mr Ray Martin.

Senator Evans, supported by other ministers, argued for a more sober approach to constitutional reform. They are particularly concerned that the Government should avoid the impression of razzamatazz — let alone the notion of another national summit — associated with the original idea of a people's convention.

Senator Evans proposed a scaled-down constitutional convention to Cabinet. Although there was little enthusiasm for it, one possibility is that it could operate parallel to the constitutional commission.

But Cabinet accepted Mr Bowen's argument that a new approach had to be tried.

Ever since Federation, constitutional reform has been stymied by the stipulation that an amendment to the Constitution requires a referendum to be carried by a majority of voters in at least four States, as well as by a national majority.

Despite the efforts of constitutional conventions over the last 12 years, this requirement has been a well-nigh insuperable barrier to achieving anything other than minor change.

Mr Bowen's concept, supported by the ALP platform, is to try to reach agreement among prominent Australians, who could then appeal for support from different sections of the community.

"If we are ever to get any movement in this country on constitutional reform, it has to be on the basis that the people as a whole agree on the need for change," Mr Bowen said last night.

"That is going to be the challenge for me: what kind of people can I put together who can develop good concepts and have a capacity to market them in terms of being representative of groups of Australians interested in change?"

In a successful day for Mr Bowen, Cabinet approved two other proposals:

- Changes to the Human Rights Commission, which will be renamed a Human Rights and Equal Opportunities Commission with full-time commissioners and a broader scope to deal with different kinds of discrimination.

- A Bill of Rights, to be introduced into Parliament in the next few weeks, preserving States' rights and rewording one section to try to avoid its being interpreted as pro-abortion.

/8309

CSO: 4200/209

AUSTRALIA

CREDITABLE KEATING POLITICAL PERFORMANCE ANALYZED

Sydney THE SYDNEY MORNING HERALD in English 19 Oct 85 p 27

[News Analysis by Peter Bowers: "ALP Viewers Glued to the Keating Show"]

[Text]

MR Howard: He is a bit touchy.

Mr Keating: No, I am not touchy, but I am not prepared to let the Leader of the Opposition say I backed down because, just frankly, I did not. I would not back down on something in which I believe and I never will.

I am not like the Leader of the Opposition. I did not slither out of the Cabinet room like a mangy maggot and then go and leak to the press a story about how I was beaten by Malcolm Fraser, which was the cry of the former Treasurer. I fought it out in the country and in front of the public under the cameras in a tax summit. I do not mind taking the losses. If the judgment is that we cannot introduce a broadly-based consumption tax, that there is not enough public support and that the inflationary influences of its introduction were too much for the country and the fabric of the economy to stand, I accept that judgment; but the fact is that I tried and the former Treasurer did not.

- House of Representative debate on the tax package, October 17.

WITH Mr Hawke away at Nassau for the Commonwealth leaders' meeting, Parliament was treated this week to two strikingly different "acting" prime ministerial performances.

There was Lionel Bowen, Acting Prime Minister, having the decency to be the model of ordinaries in the absence of the man he refers to and defers to as "my leader". There, too, was Paul Keating, black, lean and pouncing, a groomed greyhound with an instinct for the kill. Mr Keating was acting like a prime minister, moreover one in total control of the House, a brawling, rough-tongued Menzies.

What makes Mr Keating such a tough adversary is that he is a long-distance greyhound, a predatory streak who never gives up. Sydney Labor politics blooded him. He is a young, unmarked Wran. Mr Keating is a product of the razor-gang tactics manifest at Labor Party conferences at Sydney Town Hall. The blade and the boot are applied with equal vigour.

The strength of Mr Keating's parliamentary performance as Treasurer is that he can deliver technical detail, abuse, and throw-away lines with apparent spontaneity. In reality, he works hard at everything, included the one-liners. Under pressure, he kicks his

way out of trouble like Roger Gould defending his try line.

Arrogance is part of the Keating armoury. It is an icy arrogance, mechanically controlled, impersonally directed.

Look, you jug-heads opposite, Keating's got nothing personal against you bunnies; you're there to be chased, caught, crunched. This week, he went after Ian Sinclair who, as everyone knows, is not easily caught. For once, Mr Sinclair lost his tin-hare instinct to stay (just) in front of the pack and Mr Keating made him look not merely uncomfortable, but vulnerable.

Inevitably, before the week was out, the Labor backbench, and more than one minister, were comparing Mr Keating's contemptuous treatment of the Opposition with that of their hapless Prime Minister, whose parliamentary performances have become so tediously long-winded and awkward, he has lost the attention of Parliament.

A prime minister who cannot dominate the Parliament at least needs to command sufficient attention to be heard. Members of Parliament in increasing numbers on the Government and Opposition regard the spectacle of the Prime Minister getting to his feet at Question Time as the signal for a private chat.

Mr Hawke's mismanagement of the sacking of Bicentennial Authority chief executive David Armstrong raises questions that go beyond parliamentary performance. The Prime Minister's overall managerial capacity and authority is in question. Mr Hawke may have been ill-served by authority chairman John Reid and his own Department of Prime Minister and Cabinet. The paramount issue remains that he alone made the first and biggest mistake; he raised no objection when he first learned that the payment to Dr Armstrong was in excess of \$400,000.

The performance of his department, he said with typical verbosity, was "considerably less than apt". Yet only one assistant-secretary was shunted sideways. The end result of the Bicentennial bungle was that 12 more public servants, making 18 in all, have been attached to the PM & C division supervising the work of the Bicentennial Authority. Expense chases extravagance.

The call by Senator Graham Richardson, an essential Hawke prop, that at least three senior people in the department should be sacked was seen as an attempt to take the heat off Mr Hawke.

Implicit in the call was that Mr Hawke should lop heads to protect his future position. If Mr Hawke does not act he has only himself to blame if the department is "considerably less than apt" in future.

The Richardson call reflects concern within Labor's ranks that Mr Hawke cannot afford another bungle. According to this view, Mr Hawke's Ministry has so much depth that the Government can live with an indifferent prime ministerial performance in Parliament as long as there are no more major blunders.

It would be fanciful to suggest that Mr Hawke's leadership is in immediate trouble. The combination of the bad Hawke performance on top of Keating's consistently strong performance has made the Parliamentary Labor Party start to think about what until now was unthinkable — the next leader of the Labor Party.

Whether a leadership change comes after the next election rather than before, depends on Mr Hawke. The importance of parliamentary performance initially is its effect on the morale of the troops and on the

afficionado "pillow throwers" who report politics. One of the strongest arguments for replacing Mr Peacock was that Mr Howard was the stronger parliamentary performer.

The insider view eventually gets through to the electorate. That takes time, which means Hawke has time to lift his performance, even though he has fallen into a deep hole. Bob Hawke has become his own Gillies. He should say less, and say it better. If the parliamentary perception of Hawke's present standing reaches the public, his popularity rating will dive into the nether regions where ex-leaders dwell.

One of Mr Keating's strongest supporters these days is Bill Hayden. When he was Leader of the Opposition, Mr Hayden saw Mr Keating as a future leader and he sought to promote him as a counter to a Hawke challenge. In January, 1983 he made Mr Keating the Opposition's economic spokesman, dropping Ralph Willis. It was too late and within days Mr Hawke was leader. The historic significance of Hayden's appointment of Keating is that Hawke kept him in the post and he became Treasurer when Labor won power.

Willis was close to Hawke and almost certainly would have become Treasurer if Hayden had not replaced him. In one of the tortured twists for which politics is notorious, Hawke

ended up with what he delights in calling the "world's best Treasurer" because Hayden tried to keep Hawke out of the leadership. The strength of Keating's economic management is the mainstay of the Hawke Government — all thanks to Hayden who owes Hawke nothing. Politics is a beautiful thumbscrew.

AT a ministerial meeting two weeks ago, Mr Hawke told ministers to stop talking about a 1987 election. That can mean only one thing: Mr Hawke wants a 1988 election. The Bicentennial botch, obviously, has not affected his attachment to an election in the big party year. That would explain why Mr Hawke took over responsibility for the Bicentenary program after the 1984 election.

The belief that an election timed to coincide with national celebrations would support the out-going government is not supported by the American experience in 1976, a bicentennial year. The incumbent President Ford lost to Jimmy Carter. Mr Ford, it is true, had problems, and was prone to fall over politically and physically without being pushed.

March, a propitious month electorally for Mr Hawke, would be the most likely date for a 1988 poll. That would mean the House of Representatives running its full three-year term, to February 20, 1988. The electoral timetable could be stretched to May but that might be seen as lingering indecently in the tart shop.

A 1988 election would put even greater strain on Mr Keating's push for economic growth up to the next election. Five uninterrupted years of growth? Phew! Mr Keating would deserve to be Prime Minister.

Mr Hawke's floundering, coming so soon after Mr Howard took over Liberal leadership, has provided a distraction from problems besetting the Opposition in the wake of the unexpected leadership change.

Mr Howard has got in front of himself in that he never envisaged becoming leader so quickly. As a thrusting Deputy his gung-ho position in key policy areas such as deregulation of wages and selling government-owned instrumentalities made Mr Peacock seem ineffective and destabilised the Liberals to the extent that when Peacock sought to discipline Howard it was Peacock who found himself out in the cold.

Being leader, as Howard now concedes, is something else. Until policy is changed he is stuck with Peacock's policy so he is a leader who has inherited a former leader's policy, a lot of which he wants to change. Confusion is understandable. Grey Power berated him this week for not saying where he stood on the assets test. His response was that he supports Peacock's opposition to an assets test which is true in an official sense but false in a personal sense because everything he said as Deputy Leader supported the principle of an assets test.

Where does Mr Howard stand on deregulation of wages? Very quietly at the moment because official policy is a mish-mash of centralised wage fixing and individual bargaining. The Opposition spokesman on tax matters, Senator Mesner was reported as backing off Howard's preference for a broad-based consumption tax. The Senator put out a clarifying statement saying he personally favored an extension of the wholesale sales tax but everything was in the melting pot.

Deputy Howard was gung-ho on privatisation. Leader Howard, in a speech on Thursday night on "The Case For Privatisation," made so many qualifications he has come back to Peacock's position — public interest would determine the speed and extent of privatisation.

Mr Howard's problems do not end there because he is pledged not to oppose Government policy for the sake of opposition. With the exception of a capital gains tax, he is keeping his options open on the tax package until he sees the legislation, not due to be introduced until the autumn session next year.

He is coming under fire in the party room for not making more mileage out of the tax package, particularly the taxing of entertainment expenses and fringe benefits. That imperfect pest, the Hon. Michael Hodgman QC MP, asked some blunt questions in the party room, after which he issued a statement which began: "The Hawke/Keating tax package is a fraud and should be opposed, Tasmanian Liberal Mr Michael Hodgman QC said today. Mr Hodgman said that the package was 'anti-business, anti-free enterprise and anti-Australian and should be opposed lock, stock and barrel, including even the few good parts'."

Mr Hodgman, it will be remembered, distinguished himself during the debate

on the assets test with the assertion that the value of dental gold fillings and wedding rings were part of the assets test. To this day he can be seen baring his teeth in Parliament at the good Minister for Social Security, Mr Brian Howe, to remind him of gold fillings.

In the Senate this week, Senator Peter Rae, a Peacock man dropped from the shadow ministry, succeeding in blocking a machinery measure to fund Budget deficits which the Shadow Treasurer, Jim Carlton, had endorsed in the House of Representatives. The purpose of the exercise was to prove the Opposition should have blocked the legislation all along.

Mr Steele Hall who voted against Mr Peacock in the leadership challenge that wasn't a challenge and may have delivered enough votes to make the difference, has told Mr Peacock that's all square and no hard feelings.

This may or may not mean something to Mr Peacock's long range plan to regain the leadership. The Liberal Party, unlike the Labor Party is not a Caucus party whose majority decisions are binding upon all members. Mr Howard has to produce policies which carry the likes of Hall and Ian Macpherson with him. Howard cannot have Liberals of that standing publicly opposing his policies.

As Mr Howard observed, being leader is something else.

/8309

CSO: 4200/209

AUSTRALIA

EDITORIAL VIEWS PNG HANDLING OF REFUGEES

Sydney THE SYDNEY MORNING HERALD in English 16 Oct 85 p 12

[Editorial: "Refugees: PNG's Tough Options"]

[Text] **THE BOTTOM** line in the Papua New Guinea Government's return of 12 Irianese dissidents last Saturday should surely have been whether Port Moresby was satisfied that they would be treated humanely on their return. Even allowing for the difficulty of obtaining assurances from the Indonesian Government, apt to be nationalistic and suspicious in such circumstances, it is highly doubtful that the PNG Government attempted to satisfy itself on such a crucial matter. It was simply glad to get rid of 12 men described by the PNG Embassy in Jakarta as criminals rather than refugees.

There is some truth in the description. The 12 were among those who left Irian Jaya and sought refuge in PNG after the flag raising incident of February last year in Jayapura. They were settled in Blackwater Camp outside Vanimo and accorded permissive residence but in fact absconded from camp and joined other OPM activists on the border where they engaged in guerilla if not terrorist activities. Caught and jailed they were then forcibly repatriated.

This is the most severe action yet taken by the PNG Government over its unwanted refugees who are Indonesian

citizens. The only Irianese who may in fact be fairly described as refugees are the 700 inmates of Blackwater Camp, a high proportion of whom are former students or Indonesian-employed minor bureaucrats, soldiers, police or teachers in Irian Jaya. The 8,000 in the Fly River bulge camps south of the central ranges are mostly traditional villagers frightened by OPM propaganda into crossing into PNG.

To date the PNG Government and Parliament have shown little disposition to do more over the Blackwater Irianese than resort to rhetoric during periodic border crises and to forget the refugees even exist when things are quiet. But in the wake of the vicious rioting of last Saturday, allegedly the first in PNG involving petrol bombs, rhetoric is no more enough than is forcibly returning handcuffed Irianese to Indonesia. The alternatives, however, are not all that encouraging.

Most of the Blackwater refugees would probably return home to Irian Jaya if circumstances were different. But they are not, which leaves only three options — mass, forced return, permanent asylum in third countries or permanent resettlement in Papua New Guinea.

The forced return of 700 people seems scarcely possible on political or humanitarian grounds. Third countries are not falling over themselves to take the Irianese, not even Melanesian countries like Fiji, the Solomons or, in particular, Vanuatu, where Father Lini is so loud in his condemnation of Indonesia's behaviour in Timor and Irian Jaya. Australia's Government shows no desire to come to the rescue either. The intensity of Canberra's feelings over refugees varies with distance. It spends millions in taking in political refugees from Vietnam, Central and South America but itself seeks third country asylum for its five miserable canoe people from Merauke.

Resettlement may be the only answer in the long term for those who wish to stay, but where? Under what conditions? PNG's economy is severely strained and unemployment is high. Even if resettled, the Blackwater refugees would become another source of violent, anti-Indonesian activism which is something PNG, intent on maintaining workable relations with Indonesia, can well do without.

/8309

CSO: 4200/209

AUSTRALIA

SCOPE OF AIR DEFENSE PROBLEMS WITH F-18 ANALYZED

Broadway THE NATIONAL TIMES in English 18-24 Oct 85 p 3

[Article by Geoff Kitney: "F-18 Flies Into New Trouble"]

[Text]

AUSTRALIA'S problem-plagued new tactical fighter force — our most expensive defence purchase — will probably not be suitable for use in one of the two major functions for which it was bought.

Despite nearly a decade of exhaustive evaluation before the decision to buy the F/A-18 was taken, it may now become a huge, vastly expensive mistake — and to provide an adequate air defence capability the Government may be forced to buy another aircraft.

The Hornet was chosen to carry out both air-to-air and air-to-surface attacks. But it is increasingly likely that it will not be used in the ground attack role, because of its vulnerability to ground-to-air missiles.

Opinion is hardening in the defence hierarchy that because of its immense cost (well over \$30 million each and rising rapidly) the F/A-18 should be used only in air-to-air attack roles where its superior capabilities to most other fighters aircraft leave it much less vulnerable.

The cost of the total tactical fighter project (75 aircraft to be delivered by the early 1990s, of which only five have so far been delivered) has already risen more than \$1 billion over the original approved cost in 1981 of \$2.43 billion.

Although this is mainly the result of inflation and exchange rate changes, even bigger cost increases could result from problems with the design of the aircraft.

The latest, and so far most serious, is fatigue failure of a key wing attachment bulkhead which threatens to reduce the operational life of the Hornet by up to two thirds.

There is now deep concern within the Air Force about the fatigue life and structural integrity of the Hornet.

As yet, the manufacturer, the McDonnell Douglas Corporation, has not found a solution and there is no indication of how long it will take to correct it.

Defence officials are confident that warranty provisions in the contract with McDonnell Douglas will protect Australia from the direct costs of replacing the defective bulkhead. However the warranty is unlikely to cover indirect costs caused by the delays.

Although there is no doubt that they would be technically adequate for ground attack (the RAAF is delighted with the in-service performance of the planes), the reality that the Defence Department must now face is that the F/A-18s will be just too expensive to risk in air-to-surface attacks, particularly against a well-armed ground or naval force.

This is a matter of serious concern because the most likely direct military threat to Australia would be from surface forces attacking the northern coast.

The problem may have to be solved by acquiring another aircraft more appropriate for use in ground attacks.

According to senior defence sources, this will have to be taken into account by the Federal Government when it is choosing a replacement trainer aircraft for the air force and a replacement helicopter force.

One solution could be to use the F/A-18s only for air-to-air operations and to arm the trainers and helicopters for ground attack operations.

The Hornet's problems have revived bad memories of the F-111 fiasco. Technical problems with the F-111 delayed its delivery to the RAAF for years and dramatically increased its cost.

In both cases Australia took the decisions to buy the aircraft before there had been a thorough and detailed operational evaluation. Both aircraft were in the developmental phase of production — and in both cases serious problems have arisen with the new technology used in their construction.

Despite the history of the F-111, the Fraser Government decided in October 1981 to buy the F/A-18 because its technology promised a service life well into the 21st century. It rejected advice that it would be better to buy two different types of aircraft (cheaper and already operational), one for air-to-air combat and another for air-to-surface combat.

It acknowledged that further testing had to be done on the F/A-18, but expressed absolute confidence that this testing would prove the aircraft to be ideally suited to Australia's requirements: it would be a multi-role aircraft with all-weather air-to-air and air-to-surface missiles and all-weather navigation and weapons targeting systems.

Then Defence Minister Jim Killen told Parliament that sufficient structural fatigue testing had been completed to clear the F/A-18 for its first 10 years of operation and that tests necessary to give assurances of a further 10 years of life would continue until 1984.

Australia expected the fighters to have a 6,000-hour service life.

But in April this year fatigue testing at McDonnell Douglas produced a complete failure of frame 488, which is the rearward of three bulkheads to which the wings are attached. They are manufactured from a new super-light carbon fibre material.

This failure occurred at the equivalent of 4,800 hours of in-service flying.

But further testing of frame 488 indicated that the problem was even more serious. It has shown that the safe life of the bulkhead could be only 2,000 flying hours which, at most, would give Australia's new tactical fighter force a life of seven to eight years.

With Australia's defence planning depending on a life for the aircraft of at least 20 years the failure of the frame represents a potential disaster both economically and for the viability of the Australian defence forces.

The cost of the tactical fighter force is an immense strain on the national budget: payments for this one item have pushed Australian defence spending up from 2.6 per cent to 3 per cent of GDP. The prospect of having the life of the aircraft cut by half or even two thirds is almost too dreadful to contemplate.

The US Navy, which placed the purchase contracts on behalf of the RAAF, is due to commence discussions with McDonnell Douglas about a proposal for re-designing and strengthening of the frame to achieve a 6,000-hour service life.

Deferral of Australia's Hornet procurement program has been raised in the Defence Department as a means of applying pressure on the US Navy and McDonnell Douglas to ensure that Australia's interests are protected. But this has been ruled out because of the severe impact it would have on project costs.

However, there is a real risk that the procurement program will be severely disrupted. This will depend on how long it takes to develop a replacement bulkhead which achieves the specified 6,000-hour life.

Once that is done, aircraft already built will have to be taken back into the Government Aircraft Factory and pulled almost completely apart to replace the defective bulkhead. About half Australia's Hornets are either completely built or at various stages of construction and will have to undergo "retrofit".

Seventeen aircraft in the early stages of production in the US are affected by a US Navy decision to cease production until the bulkhead problem is overcome.

Final assembly and testing of the F/A-18 at the Government Aircraft Factory at Avalon in Victoria will continue despite the bulkhead problem and there is enough work to keep the factory going until the middle of next year. By then GAF hopes the problem will be solved and retrofit work will be under way.

If it is not, serious delays in the procurement program — and a real cost escalation threat — are likely.

Australian defence officials say that, as a result of bitter experience with the F-111, steps were taken in the purchase of the F/A-18 to protect Australia financially in the event of structural failures.

In addition to the warranties secured by the US Navy from the manufacturer, which guarantee that the aircraft will perform to specification, Australia negotiated an additional warranty covering correction of structural faults at no cost to Australia.

The Defence Department is now seeking legal advice from the Attorney-General's Department and from its legal representatives in the US to ensure that the guarantees are met by McDonnell Douglas.

Defence officials said that McDonnell Douglas had already indicated that it would meet its contractual obligations.

But the guarantees about the correction of structural difficulties at no cost to Australia do not cover potential problems such as inflation-caused additional costs as a result of delays in the procurement program or the extra costs that would be caused by a slow-down or even a complete halt on work at the Government Aircraft Factory.

With the aircraft already becoming too expensive to risk in the ground-attack role which was a major reason for its purchase, further real cost rises would cause serious problems for the Federal Government.

- The F/A-18 problem, particularly the doubts about its ground attack function, will be a key issue to be addressed in the current review of Australia's defence capabilities.

The review, which is being carried out by Paul Dibb and is due for completion in March next year, will have a major influence on defence equipment decisions, including the possible need to acquire trainer aircraft and helicopters for the ground attack role.

/8309

CSO: 4200/209

AUSTRALIA

REPORTAGE ON BOYCOTTS, EMBARGOES AGAINST SOUTH AFRICA

International Bank Workers

BK011119 Melbourne Overseas Service in English 0830 GMT 1 Nov 85

[Text] A meeting of the international body of white-collar workers being held in Melbourne has voted for worldwide action by bank workers to ban transactions with South Africa. The meeting also voted to ban sales of the Krugerrand, South Africa's gold coin.

The resolution came on the last day of a three-day conference of the Asian-Pacific branch of the International Federation of Commercial, Clerical, Professional, and Technical Employees--a body representing more than 9 million workers.

The vice president of the branch, Mr (John Main), said the resolution could give real effect to international trade sanctions on South Africa. He said that 2 million of the federation's members work in banks around the world and were well placed to implement the ban on sale of Krugerrand and other transactions.

Sea Unions Support Oil Embargo

BK310634 Melbourne Overseas Service in English 0130 GMT 31 Oct 85

[Text] Australian maritime unions are backing an international move for an oil embargo against South Africa. Two of Australia's maritime unions are attending a conference being held in London with United Nations endorsement to discuss joint action. Four other Australian unions say they will support the measures decided on.

More than 20 countries are represented at the London conference which is considering proposed measures against shipping companies which transport oil to South Africa.

The Federal Secretary of the Australian Seamen's Union, Mr (Pat Gertie), said Australian maritime unions will uphold any agreement to impose boycotts even if it means some financial loss for Australia.

AUSTRALIA

HAWKE, LANGE, HOWARD ECONOMICS ANALYZED

Sydney THE SYDNEY MORNING HERALD in English 7 Oct 85 p 17

["Monday Comment" by Ross Gittins, Economics Editor: "NZ Labour Tries the Howard Way"]

[Text]

Something we really should have known became clear last week: both business and the Liberal Party are deeply divided over the wisdom of John Howard's desire to deregulate the labour market.

Well, with two years or more to go before the next election, there's no great hurry for them to decide which way to jump. And in the meantime, the trans-Tasman Labo(u)r Party is putting on a little demonstration that may help them make up their minds. There are no controlled experiments in economics. All else can never be held equal in a particular economy, and every economy is different.

But there are enough similarities and differences between the economic policies of Hawke Labor and Lange Labour to provide us with the closest thing to an economic experiment we're likely to find. Watching how the two Governments fare over the next few years will be fascinating as well as instructive. Both Governments are quite unlike traditional Labor Governments and both have been heavily influenced by economic rationalism.

Both Governments have deregulated their financial markets, removed exchange controls and floated their currencies. Both Governments have embarked on major tax reform — our fringe benefits tax is a Kiwi invention — although only the New Zealanders have pressed on with a broad-based consumption tax. Both Governments are committed to freer trade, although the Kiwis have been more active in dismantling protection, export incentives and farm subsidies. The Lange Government has moved faster and further than the Hawke Government, but mainly because it had a lot more to dismantle. With interest rate controls, rent controls and a three-year wage and price freeze, Muldoon was a lot more interventionist than Fraser.

There is, however, one outstanding difference between the two Labor Governments: Hawke has an incomes policy — an accord with the union movement — and Lange doesn't. That's what will make the two Governments' respective performances so fascinating to watch. One of the consequences of this major difference is that the Lange Government has been obliged to adopt significantly tighter fiscal and monetary policies than the Hawke Government.

When you put it all together, what you discover is that the Lange Government's economic policies bear a striking resemblance to the policies espoused by John Howard. The Lange Government, you see, has accepted the wisdom of the argument that if you're deregulating everything else, you have to go the whole way and deregulate the labour market; if the labour market remains inflexible, you don't get the promised benefits from all you have done to make other markets more responsive to market forces.

Soon after it came to power, the Lange Government fulfilled a promise to the Federation of Labour to restore compulsory unionism. But apart from (or in spite of) that backward step, the NZ Government is moving to a less centralised wage-fixing system. The Kiwis, who in the early 70s modified an arbitration system which was similar to ours, don't have a national wage case, but they do have a "general wage order" mechanism under which wages may be set by Government fiat. Alternatively, the Government can announce wage guidelines to be taken into account in the annual round of award-by-award negotiations.

In its wage round last year (the first after end of the wage and price freeze), the Lange Government eschewed a general wage order and held a German-style tripartite conference at which it laid out its economic forecasts and arguments. It failed to reach agreement with the parties, but set guideline of a 4 to 5 per cent pay rise. Most settlements were in the 6 to 7 per cent range.

But in the wage round which began last month the Government, at the urging of Treasury, tried a different tack. It deliberately avoided setting a general guideline, fearing that this would set the minimum and maximum wage rise. It wanted a wider range of settlements which more closely reflected conditions in particular industries.

So it simply announced to the parties that it forecast nominal growth in GDP of 12 per cent and warned that it would maintain a strictly non-accommodating monetary policy. A non-guideline "projection" of 10 per cent was mentioned. There would be widespread business failure, loss of jobs and higher inflation if wage settlements disregarded the Government's monetary policy.

Well, a week or so ago the first pay settlement came in. The large and powerful electrical workers won a rise of 15.5 per cent, with little employer resistance. The Lange Government has embarked on its brave experiment in decentralised wage-fixing at a time when the inflation rate is running at 16.6 per cent, pumped up by the lifting of the price freeze, the effect of the 20 per cent devaluation in July last year and hefty increases in taxes and charges in last year's Budget.

AUSTRALIA

OECD VISITOR EVALUATES HAWKE ECONOMIC POLICIES

Sydney THE SYDNEY MORNING HERALD in English 16 Oct 85 p 5

[Article by Steve Burrell: "Good But Watch It, Warns OECD Man"]

[Text]

CANBERRA: The Australian economy faces dangers despite its brilliant performance under the prices and incomes accord, the secretary-general of the Organisation for Economic Co-operation and Development, Mr Jean-Claude Paye, said here yesterday.

Australia's deteriorating balance of payments could put pressure on inflation and interest rates, he warned.

Mr Paye, who is in the country to meet government and business leaders, said in a speech at the National Press Club that the prospects for continued success of the Hawke Government's economic policies are clouded by the worsening trade performance and sluggish capital investment, and depend on the union movement remaining a responsible partner within the accord.

Mr Paye praised the Government's policy of striving for high economic growth while containing inflationary pressures through the accord as "an interesting experiment".

"Contrary to conventional wisdom, the Australian experience over the past two years is proof that it is possible to put the economic house in order, in terms of reducing inflation and

the rigidities in the economy, while at the same achieving a high rate of growth and falling inflation and unemployment.

"So far, the results of the accord have been good - brilliant - in these terms," he said.

Much of its success could be attributed to the trade union movement, which had been "extraordinarily sensible and responsible", Mr Paye said.

There were problems looming, however, which cast doubt on the continued viability of the Government's policies.

The main concern involved the deterioration in Australia's balance of payments, which threatened to put pressure on inflation and interest rates.

The relative sluggishness of investment and the depressed level of expectations were also a problem.

Mr Paye saw a further winding back of the Budget deficit and continued wage moderation as the keys to overcoming these problems.

While the prospects for the rest of OECD were for substantial economic growth, this would not be sufficient to provide for a significant reduction in unemployment, particularly in Europe, or to allow the develop-

ing countries to trade themselves out of their debt problems.

The big industrial economies have little scope for expansionary policies to generate growth, he said.

The OECD executive said he was confident there will be a new round of international negotiations to reduce protection, and that subsidies for farm products, a sensitive issue in the European Community, would be considered.

He declined to comment on reports that a seminar scheduled to be held in Paris last week to discuss a new Australian analysis of the EC's Common Agriculture Policy was cancelled at the insistence of the European Commission.

AUSTRALIA

HAWKE POLITICAL STAKES IN COMMONWEALTH MEETING VIEWED

Sydney THE SYDNEY MORNING HERALD in English 18 Oct 85 p 13

[News Analysis by Mike Steketee: "Hawke's British Gamble"]

[Text]

BOB Hawke's flight back to pragmatic politics has taken wing in the Bahamas.

After the folly of the tax debate — remember all the brave words about rather losing the next election than backing down on reform? — the Prime Minister has returned to the style of politics that he knows best. This is the familiar Bob Hawke — the negotiator, the fixer, the man who made his reputation by reconciling unreconcilable differences between unions and employers.

Mr Hawke badly needs a media triumph after the bungles of the Bicentennial and the mishandling of the South African issue in recent days. Now, he has been manoeuvred, not at all unwillingly, into a pivotal role at this Commonwealth meeting.

The rewards are potentially high but not easily won. Failure would mean a long fall with a hard landing.

Mr Hawke has the opportunity to use the Commonwealth to make the sort of mark in foreign policy that Malcolm Fraser achieved. Behind the Prime Minister stands the shadow of his predecessor. Malcolm Fraser, in the words of one official here, was "a great Commonwealth man," best remembered in these circles for the role he played in the Rhodesia settlement at the 1979 Lusaka Conference.

The notion of Mr Hawke operating in Mr Fraser's shadow might seem bizarre to Australians but it is not at all to those not well versed in the ideological and practical differences of our domestic politics. Mr Fraser influences the expectations of what Mr Hawke can achieve.

The other reason Bob Hawke needs to succeed in this venture is John Howard, who has been taking an increasingly Thatcher-like line on

South Africa. If Mr Hawke can convert Mrs Thatcher on economic sanctions, then he will have spiked his opponent's guns.

But it is a tall order. The traditional Commonwealth leaders' weekend retreat, which provides an opportunity for private backslapping and arm twisting, should determine whether Mr Hawke can fill it.

The retreat is at Lyford Cay, an exclusive resort in 400 hectares of garden, hills and beach outside Nassau. The Bahamas may be riddled with drugs and corruption but the scenery is unaffected.

Lyford Cay was the setting for another British event — the James Bond film *Thunderball*. Bob Hawke is hoping to play the James Bond part this weekend.

There is one person standing between Mr Hawke and a substantial political victory — Margaret Thatcher. Her refusal to agree to the compromise being put by Mr Hawke or her agreement to a heavily watered down version of it would make a joke of Commonwealth efforts on South Africa.

It would make a joke of the Commonwealth as well, at a time when there are almost as many doubts about its effectiveness as there are about the United Nations'. If a group of mainly black, African-oriented and predominantly developing countries cannot agree to tough action against South Africa in the current circumstance of crisis, then it cannot be taken seriously in international affairs.

Action by the Commonwealth minus Britain would smack of hypocrisy.

Britain's investment of 12 billion pounds in South Africa overwhelms that of any other Commonwealth

country. There are 364 British companies operating in South Africa, according to Mr Fraser's United Nations committee report this week, compared to 24 from Australia and 21 from Canada — the next two highest figures for Commonwealth members.

Therefore, if Britain does not join in Commonwealth sanctions, it will be seen, particularly by South Africa, as a cop-out and rightly so. It would reflect a broader world trend by the rich countries, particularly the US, towards self-interest at the expense of international responsibility.

To paraphrase Mrs Thatcher's own statement about economic policy, is this lady for turning? The question probably will not be answered in full until the weekend retreat.

British journalists on the plane with Mrs Thatcher were given a bundle of material putting the arguments against economic sanctions. The early signals — she arrived only on Wednesday — is that she is obdurate.

But that may change. After all, she has come to the meeting in the full knowledge that all the 45 other Commonwealth leaders are in favour of sanctions in some form and generally in a very severe form.

The British argument is that sanctions do not work, except to harm the country imposing them, and indeed, the evidence is strong on this point. The arms embargo has resulted in South Africa developing, with the help of Israel, one of the biggest arms industries in the world. The partial oil embargo has resulted in South Africa's leading the world in extracting oil from coal and selling petrol at a retail price cheaper than many European countries.

Yet Britain itself already refuses to sell arms or oil to South Africa and restricts the sale of computer equipment. New sanctions would not therefore be a precedent for Britain. It is already sliding down the slippery sanctions slope. If sanctions are not effective economically, they may be psychologically.

An element of Mr Fraser's passion against apartheid is his concern about instability and civil war being exploited by the Soviet Union. His perspective, and that of Mr Hawke, is that an inevitable process towards majority rule is underway.

Mrs Thatcher knows she will come under enormous pressure, as she did at Lusaka in 1979, when she was talked around on Rhodesia by Malcolm Fraser and others. Her tactic could be to limit the imposition of sanctions by taking an initially extreme position and

then making concessions. Lyford Cay should provide the answer.

Mr Hawke needs success on South Africa to put behind him the bumbling way in which he has handled the issue to date. In recent days, the Prime Minister has sent out more signals on what he would be doing at this meeting than the Titanic in distress.

Until early this year, Australia was opposed to trade bans on South Africa on the ground that they would not work and would tend to hurt those they were intended to help. That position may still prove to be correct in the long run.

But it quickly ceased to be a political option with the escalating violence in South Africa which has claimed more than 700 lives so far. Moreover, the black front-line states which would be most severely affected by sanctions and South African retaliation now insist they want sanctions.

Apartheid is one of those rare issues which unites the whole of the Labor Party. By April, Bill Hayden was saying Australia would support economic sanctions as long as they were universally applied by other countries.

By June, the Government was facing accusations of hypocrisy: condemning Kim Hughes' proposed rebel cricket tour but refusing to take action on trade. Mr Hawke responded by saying he would propose a trade embargo on South Africa at the Commonwealth meeting.

This week, we know that is what he is doing, although in heavily qualified form. But in the meantime, there has been a confusing series of messages.

The Government softened its stance in the decisions announced on August 19. These imposed some mild economic agreement to a heavily watered down version of it would make a joke of Commonwealth efforts on South Africa.

It would make a joke of the Commonwealth as well, at a time when there are almost as many doubts about its effectiveness as there are about the United Nations'. If a group of mainly black, African-oriented and predominantly developing countries cannot agree to tough action against South Africa in the current circumstance of crisis, then it cannot be taken seriously in international affairs.

Action by the Commonwealth minus Britain would smack of hypocrisy.

Britain's investment of 12 billion pounds in South Africa overwhelms that of any other Commonwealth country. There are 364 British companies operating in South Africa, according to Mr Fraser's United Nations committee report this week, compared to 24 from Australia and 21 from

Canada — the next two highest figures for Commonwealth members.

Therefore, if Britain does not join in Commonwealth sanctions, it will be seen, particularly by South Africa, as a cop-out and rightly so. It would reflect a broader world trend by the rich countries, particularly the US, towards self-interest at the expense of international responsibility.

To paraphrase Mrs Thatcher's own statement about economic policy, is this lady for turning? The question probably will not be answered in full until the weekend retreat.

British journalists on the plane with Mrs Thatcher were given a bundle of material putting the arguments against economic sanctions. The early signals — she arrived only on Wednesday — is that she is obdurate.

But that may change. After all, she has come to the meeting in the full knowledge that all the 45 other Commonwealth leaders are in favour of sanctions in some form and generally in a very severe form.

The British argument is that sanctions do not work, except to harm the country imposing them, and indeed, the evidence is strong on this point. The arms embargo has resulted in South Africa developing, with the help of Israel, one of the biggest arms industries in the world. The partial oil embargo has resulted in South Africa's leading the world in extracting oil from coal and selling petrol at a retail price cheaper than many European countries.

Yet Britain itself already refuses to sell arms or oil to South Africa and restricts the sale of computer equipment. New sanctions would not therefore be a precedent for Britain. It is already sliding down the slippery sanctions slope. If sanctions are not effective economically, they may be psychologically.

An element of Mr Fraser's passion against apartheid is his concern about instability and civil war being exploited by the Soviet Union. His perspective, and that of Mr Hawke, is that an inevitable process towards majority rule is underway.

Mrs Thatcher knows she will come under enormous pressure, as she did at Lusaka in 1979, when she was talked around on Rhodesia by Malcolm Fraser and others. Her tactic could be to limit the imposition of sanctions by taking an initially extreme position and then making concessions. Lyford Cay should provide the answer.

Mr Hawke needs success on South Africa to put behind him the bumbling way in which he has handled the issue to date. In recent days, the Prime

Minister has sent out more signals on what he would be doing at this meeting than the Titanic in distress.

Until early this year, Australia was opposed to trade bans on South Africa on the ground that they would not work and would tend to hurt those they were intended to help. That position may still prove to be correct in the long run.

But it quickly ceased to be a political option with the escalating violence in South Africa which has claimed more than 700 lives so far. Moreover, the black front-line states which would be most severely affected by sanctions and South African retaliation now insist they want sanctions.

Apartheid is one of those rare issues which unites the whole of the Labor Party. By April, Bill Hayden was saying Australia would support economic sanctions as long as they were universally applied by other countries.

By June, the Government was facing accusations of hypocrisy: condemning Kim Hughes' proposed rebel cricket tour but refusing to take action on trade. Mr Hawke responded by saying he would propose a trade embargo on South Africa at the Commonwealth meeting.

This week, we know that is what he is doing, although in heavily qualified form. But in the meantime, there has been a confusing series of messages.

The Government softened its stance in the decisions announced on August 19. These imposed some mild economic sanctions such as closing Australia's Trade Commission in Johannesburg, limited bans on imports of krugerrands and military equipment and on the export to South Africa of petroleum, computer hardware equipment and other goods that could be used by the security forces. The Government's own trade with South Africa was stopped but there was no action against new private investment. Trade relations would be maintained.

For those disappointed that the Government was speaking so loudly and treading so softly, there was at least the consolation that Mr Hayden would "develop a strategy to seek positive action in the UN context for effective sanctions against South Africa for presentation by the Prime Minister at the forthcoming CHOGM meeting".

On October 3, Mr Hawke started doing interviews previewing the CHOGM meeting and this is where he first developed his two-pronged approach — sanctions and dialogue.

"We will certainly be urging the Commonwealth to prepare itself and to take to the United Nations a position in favour of widespread mandatory sanctions," he said. But at the same time, there would be proposals to encourage

the South Africans to move towards abolishing apartheid.

Eight days later and two days before his departure, he started having doubts and one prong became shorter than the other. He pushed his idea of a group of respected international figures who would establish a process for peaceful change. "My total approach will be concentrating, in a sense, much more on that than on the concept of sanctions," he added.

Bob Hawke was doubting whether the lady was for turning. Britain had launched a diplomatic initiative on the black states close to South Africa. Mrs Thatcher was hard line.

In Nassau on Monday, the Prime Minister started talking about graduated sanctions but sent out the confusing signal that he did not believe comprehensive, mandatory sanctions were "achievable or appropriate". This was less of a backdown than it looked because Mr Hawke was talking about the Commonwealth context.

But it was compounded by a misleading briefing for Australian journalists by an over-cautious Government official who did not dare hint that Mr Hawke had a special role in this conference.

What Mr Hawke has done, in the interests of conciliation, is cut his cloth to fit the Commonwealth. That means substituting selective, graduated sanctions for widespread ones, and dealing with the UN separately.

It is a price worth paying if Margaret Thatcher comes aboard. If.

/8309

CSO: 4200/209

AUSTRALIA

SYDNEY PAPER VIEWS ECONOMIC LAGS

Sydney THE SYDNEY MORNING HERALD in English 18 Oct 85 p 12

[Editorial: "Mr Keating and the Lags"]

[Text] **THE** September trade figures, which show the trade deficit running well ahead of last year's record level, sent a shiver through the already nervous foreign exchange and capital markets. So did the September trading bank figures, released yesterday, which suggest that the money supply is still growing strongly (even though that growth appears to be levelling off). Another bit of bad news — say, a worse September quarter CPI than the market expects — and the Australian dollar might take another drubbing. That might not do irreparable harm to the Government's economic strategy, but it certainly would not do it any good.

Sadly, there is no immediate cure for the markets' nerves. Like everyone else, they will have to sit out the economic lags. Mr Keating has been at pains to remind everyone to expect a long delay before the depreciation of the dollar starts to rein in the trade deficit. The depreciation has made imports more expensive and exports more profitable. When people adjust to that, by buying fewer imports and increasing exports, the trade deficit will start to improve. But people cannot adjust overnight, and the depreciation's initial effect is to increase the nation's import bill

and make the trade deficit worse.

Of course the people in the foreign exchange market know there is a delay before the depreciation starts to have the desired effect. But knowing it and living through it are qualitatively different. The Treasurer expects the trade deficit, having deteriorated in the first half of this financial year, to improve very rapidly in the second half. But what if the Treasury has got it wrong? What if the demand for imports does not fall off quite as the Treasury predicts? What if the demand for our exports is not as strong as the Treasury hopes?

When the trade deficit does start to turn around, the foreign exchange market may push the dollar back up too far, as it did last year. (Foreign exchange markets are notorious for overshooting.) In the meantime, the prediction that the deficit would get worse before getting better certainly is being borne out. In the September quarter the deficit in our trade of goods and services probably was running at well over 5 per cent of gross domestic product compared with last financial year's record 4.9 per cent of GDP.

For people trying to guess the future price of the Australian

dollar there is plenty to worry about. There is the rest of the world, which might not grow fast enough and could leave our export industries languishing. There is the Australian economy, which everyone says (but no-one really knows) is still growing too quickly. That growth is putting too much pressure on the Accord — and if wages start to break out there may have to be another depreciation of the dollar. And if that happens there could be a spiral of depreciation leading to higher inflation leading to further depreciation and so on.

The Government's answer to the excessive growth of the Australian economy has been tight money and high interest rates, which appear to be slowing the demand for credit and, if left much longer, stand a good chance of pushing the economy into recession. Yet no-one seems impressed, perhaps because the markets have trouble coping with another economic lag — the delay before the effects of tight monetary policy on economic activity become apparent.

/8309

CS0: 4200/209

AUSTRALIA

COAL, SUGAR FIRM NEGOTIATES BARTER WITH ROMANIA, USSR

Sydney THE SYDNEY MORNING HERALD in English 19 Oct 85 pp 40, 38

[Article by Peter Freeman: "CSR Plays the Barter Game in Sugar and Coal"]

[Text]

The slump in demand for coking coal has forced CSR Ltd - one of Australia's biggest coal producers - to fall back on trying to barter its output.

As part of this new strategy it is negotiating a deal with Romania which is likely to involve CSR taking Romanian manufactured products in exchange for coking coal from the company's giant South Blackwater mine.

So advanced are the negotiations that CSR has approached a number of intermediaries about arranging to co-sell Romanian equipment in Australia and elsewhere.

Given that South Blackwater has an annual production capacity of 2 million tonnes and reserves of 1.2 billion tonnes, any barter agreement is likely to carry a big price ticket.

However, the extreme competitiveness of the coal export industry and the potential industrial problems surrounding the possibility of winning sales by agreeing to barter deals, means CSR's coal division is reluctant even to confirm its negotiations with Romania. It refuses to provide any other details.

This emulates the stance taken by Utah which has refused to provide information on what is believed to be a much smaller barter deal for the sale of coal.

The potential industrial problems which can threaten barter trade, at least in its most unrefined guise, were highlighted earlier this year when Mr Lang Hancock said he had signed an agreement with the Romanian Government to sell iron ore in exchange for \$100 million worth of machinery.

Under the terms of the agreement, the equipment would represent payment for initial shipments

of iron ore provided under a contract which would run for 15 years and total 53 million tonnes of iron ore from the proposed Marandoo project in Western Australia's Pilbara region.

The State Trades and Labor Council reacted angrily, saying the Marandoo project would be of little value to Australia if the mining and transport equipment was made overseas. On this basis it called for a ban on the project until a higher level of Australian content was established.

That was six months ago and the project has made little progress. According to informed sources in the industry there is no chance of the barter deal going ahead, partly due to the attitude of the unions but more importantly because Mr Hancock's joint venture partner, CRA, is opposed to barter trade.

While Mr John McLeod, chief economist with CRA, declines to confirm these reports he acknowledges that CRA sees little merit in barter deals.

"If a product is any good, a country can sell it without using direct barter," he says. "And CRA is not about to use inferior mining and transport equipment."

Significantly, Mr Hancock's prediction last April that work would begin on the venture in six months has not been realized. As yet it hasn't even reached the stage for a feasibility study. Nor is there any chance of Mr Hancock's forecast being realized that ore exports could start by early 1987.

"Marandoo will be up and running before the year 2000," Mr McLeod quips. "Being more precise than that is impossible."

But while Mr Hancock's barter trade deal is unlikely to provide the

catalyst for a full-scale industrial relations confrontation, the union movement remains highly suspicious of barter trade in general. So do local manufacturers.

"At this stage it's only a potential problem which is lurking in the background," says Mr Bert Evans, the national director of the Metal Trades Industry Council.

"We have discussed the issue in the last few years and will react very quickly if barter deals look like threatening local industry."

Yet direct barter is only a small part of what is known as "counter trade" — trade which involves marketing another country's products, but which often has nothing to do with directly importing goods back into Australia in return for winning an export contract.

In Australia the running is being made by Elders IXL which, since the start of the year, has built up a special unit to deal exclusively with this area.

Mr Harry Dodd, general manager (counter trade) stresses that an exporting company which turns its back on such trading deals would be making a mistake.

"Very few of them involve bringing goods back to Australia," he says.

"Instead it is largely a matter of providing marketing expertise and credit assistance to enable the purchaser to earn the foreign exchange to buy what you want to export."

"This is particularly important in Africa, South America and Eastern Europe."

While the Federal Government does not have a detailed policy on counter trade, it is understood the Government, though wary of direct barter deals, supports the Elders approach.

Mr Dodd argues that probably only one in 10 counter-trade deals is worth proceeding with, but that each success can be very profitable.

"We are negotiating two very big deals at the moment which we hope will fall into that category," he says.

Exactly how much of the world's trade is conducted as counter trade isn't clear, but the best estimates put it at about 15 to 20 per cent, most of it with Eastern Europe, northern Africa, the Middle East and some Latin American countries.

A survey into last year of more than 100 big US exporters found that about 80 per cent had

encountered demands from foreign countries for counter-trade deals in 1984. This was three times the figure in the late 1970s.

The main reason countries push such barter deals is a combination of a shortage of foreign exchange and an inability to sell its products elsewhere.

The second aspect is also the reason some exporters are tempted to agree to a barter arrangement.

CSR is not only in this position with coking coal but also with sugar. Due to the current sugar glut the company, which markets Queensland's sugar output, decided several years ago to enter a \$30 million-a-year counter-trade deal with the Soviet Union.

"We get cash for our sugar, not goods, so it's not really barter," says Mr Rick Lee, marketing manager for CSR's sugar division.

"However, because of the Soviet Union's imbalance of trade with Australia we have agreed to help them market a range of products here, including tractors and other machinery."

But the dividing line is a fine one, with Mr Lee acknowledging that CSR itself has bought Soviet machinery for its sugar mills. As well, it tries to use Soviet-flag ships.

"Whether we like it or not, counter trade is a growing proportion of world trade," says Mr Lee. "I don't see this trend slowing down."

Despite the sugar glut, he says there is no sign of pressure from other countries to negotiate similar sugar deals to that operating with the Soviet Union.

In a slightly different vein, Sir Peter Abeles announced three months ago that Ansett had offered China a deal under which it could buy \$250 million worth of Ansett aircraft, half of which would be paid for in barter.

"Nothing has come of it yet, but that is not a surprise," says

Tony Hill, group commercial manager for Ansett's parent, TNT. "We don't expect any significant developments in that area for some time."

In any case, the barter offer shouldn't be seen in isolation. Mr Hill acknowledges, it is, instead, part of a much wider approach to doing business with China.

This broader approach is, in the words of Elders' Mr Dodd, the way to assess the value of counter trade. Judging it on the basis of

publicly-trumpeted barter deals would be to miss the point.

"Far from threatening Australian jobs, an intelligent use of counter trade will open up important new export markets," he says.

"But the whole process must be approached with skill and, in particular, a willingness to walk away from deals which don't shape up commercially.

"Using counter trade in order to sell your products at virtually any cost is a prescription for a lot of trouble.

"It is a fact that more people lose money than make it out of counter trade. The attraction is that those who succeed do very well indeed."

As for CSR's attempt to barter with Romania, the story goes that an earlier barter deal by CSR involved a shipment of bauxite sold to the Soviet Union in exchange for 300 grand pianos.

That was back in the late 1970s. It is understood a large Japanese trading house eventually relieved CSR of this particular musical problem.

The company is no doubt hoping its current negotiations with Romania will be rather more straightforward.

/8309

CSO: 4200/209

AUSTRALIA

POLL FINDS LAMB PRODUCERS FAVOR NEW INDUSTRY BODY

North Richmond THE LAND in English 26 Sep 85 p 3

[Article by Peter Austin: "Prime Lamb Vote: 'Yes' for Reform"]

[Text]

AN OVERWHELMING majority of prime lamb producers favors the establishment of a new industry body to implement marketing reforms, according to a survey conducted by "The Land".

Eighty-three percent of the 374 producers who took part in the survey voted "Yes" to the establishment of a new body, although only 112 producers favored the creation of a new, multi-State lamb board.

Most respondents — 216, or 70pc of those favoring a new industry body — indicated that they would prefer to see reforms implemented by a separate, free-standing body within the framework of the Australian Meat and Livestock Corporation.

By comparison, only 26 respondents said that they believed industry reforms should be undertaken by the AMLC in its present form.

The postal survey, which was launched in "The Land" on September 5, was conducted to gauge producer reaction to the latest proposals for industry reform put forward by Jugong farmer, Mr David Power.

Any producer breeding or fattening more than 500 crossbred lambs was eligible to participate in the survey which in the end attracted votes from producers representing 654,000 lambs.

Responses were evenly spread across the main NSW lamb producing districts,

with the best response coming from the Central West and South West Slopes.

Among answers to the other survey questions, producers indicated a clear willingness to supply production details for forward supply forecasting, and to register as prime lamb producers.

However, only 54pc of respondents were in favor of production quotas.

On the question of funding, 53pc of voters supported industry funding of 50 cents/lamb (levy funding is currently 34 cents/lamb), while a further 25pc said they would be prepared to pay \$1 a lamb.

Many who voted in favor of 50c indicated that they would be prepared to pay more in due course, if the new industry body appeared to be getting results.

Producer attitudes were amplified by some pithy comments penned on survey coupons. These ranged from "I personally see no future for the lamb industry for years" to "We do not need any more bureaucrats telling us what to do: if you don't like the industry under the present system, get out!"

Architect of the latest reform package, Mr Power, said the survey response, while disappointing in terms of industry representation, nonetheless bore out his argument that producers were ready for reform.

Mr Power will be a key speaker at a lamb symposium being sponsored by "The Land" at Wagga next Thursday, October 3. He intends there to further canvas producer support for his reform proposals.

/8309

CSO: 4200/209

AUSTRALIA

LAMB INDUSTRY SPOKESMAN HIT NEW ZEALAND 'SUBSIDY'

North Richmond THE LAND in English 10 Oct 85 p 7

[Article by Bruce Mills, Rural Press News Bureau, Canberra]

[Text]

REPORTS that the New Zealand Government plans to write off a \$NZ700 million debt accrued by the NZ Meat Producers Board have drawn an angry reaction from Australian lamb industry leaders.

Industry spokesmen here claim the plan, if put into effect, will effectively "pay the bill" for the NZ Meat Board's price cutting activities that have kept Australia out of many export markets.

The move comes in the wake of the NZ Government's decision last month to drop its sheepmeat floor price by 40pc to NZ\$13-\$14 a head. This cut was aimed at placing the NZ sheepmeat industries on a more commercial footing.

As well, the Government transferred most export market responsibilities from the state-run Meat Board to a new "independent" meat industry marketing and processing body.

Although a final decision is still some months off, reports from Wellington suggest the new body would begin with a clear financial slate, requiring the Government to take over the Meat Board debts.

Shadow Primary Industry Minister, Mr Ralph Hunt, has slammed the proposal claiming a write-off of the Meat Board's debt by the NZ Government would be little more than a retrospective subsidy which has allowed NZ to undercut ruling export market prices.

"Such action would represent a confirmation of a subsidy which has enabled the NZ sheepmeat industry to claim half the world's sheepmeat export market," Mr Hunt said.

He called on the Federal Ministers for Trade, Mr Dawkins, and Primary Industry, Mr Kerin, to investigate the NZ Meat Board's debt as a matter of urgency and to register concern to the NZ Government that its proposed action would disadvantage Australian meat industries.

This latest blow to Australia's sheepmeat trade comes hard on the heels of Elders IXL's plans to ship up to one million live sheep a year from NZ following the NZ Government's lifting of live export bans.

Mr Hunt said under the spirit of the Closer Economic Relations agreement, Australia should not tolerate extensive subsidies, retrospective or otherwise, that were dam-

aging to Australia's important sheepmeat export industry.

Emphasising the scale of the proposed subsidy, Mr Hunt said the debt was double the amount outlaid by the Federal Government to all Australian primary industries this year.

Australian Sheepmeats Council executive director, Mr Richard Moxham, attacked the Federal Government for failing to address the problem of NZ sheepmeat subsidies.

Mr Moxham said it appeared the Trade Minister, Mr Dawkins, had been prepared to compromise Australia's sheepmeat and horticultural industries to gain some benefit for manufactured goods.

"He (Dawkins) should be looking at what's happening to Australia's sheepmeat industries under CER.

"We're about to receive on our doorstep the problems of the NZ sheepmeat industry that have developed through the huge subsidies," Mr Moxham said.

It was all very well for the NZ Government to write off the debt so the new commercial-looking NZ industry could start off on a sound base.

But he said it needed to be remembered the subsidies had increased production in NZ far beyond the level of international demand.

Mr Moxham said the subsidies had allowed NZ to undercut third world markets and also to grab a slice of Australia's domestic market.

/8309

CSO: 4200/209

AUSTRALIA

BRIEFS

'TOUGH LINE' ON IRIAN REFUGEES--The Immigration Minister, Mr Hurford, has confirmed that the government is taking a tough line on refugees from the Indonesian province of Irian Jaya. He has virtually ruled out the possibility of five Irian Jayan men, who sailed to Thursday Island off Cape York peninsula, being allowed to remain in Australia. The federal committee, which evaluates such cases, has recommended that the men be given the official status of refugees. However, the Immigration Minister said he was seeking further information before making any decision. He indicated the Australian Government would seek a third country of resettlement. Mr Hurford said the trickle of refugees could become a flood unless the government showed people in near neighboring countries that permanent residency was not available. He denied the decision on the five Irian Jayans was because of Australian sensitivity toward the Indonesian Government. [Text] [Melbourne Overseas Service in English 0430 GMT 31 Oct 85 BK]

/12858
CSO: 4200/183

BURMA

ECONOMIC OFFENSIVE LAUNCHED AGAINST KAREN REBELS

Bangkok THE NATION 5 Nov 85 p 5

[Article by Pratya Sawetvimol]

[Text]

THE announcement by Rangoon Sunday to demonetize high-denomination currency notes, a move aimed primarily at the counterfeited notes used by ethnic rebels and black marketeers, is believed to be part of the Burmese "economic offensive" designed to weaken the Karen National Liberation Army (KNLA).

It also can be seen as part of the preparations by the Burmese Government to militarily crush the rebels and put an end to their 38-year-old insurgency.

According to the announcement on Burmese state radio and television, the 20, 50 and 100 kyat notes were abrogated with immediate effect and holders of the high value currency have to surrender the notes between November 11 and December 31.

The Karen rebels are believed to have been using fake notes to buy food, such as rice and livestock, from villagers living in the remote Burmese jungle areas and Burmese smugglers or black marketeers are said to be storing large quantities of the high denomination notes.

Thai merchants at Mae Sot, a key Thai border town with Burma, are also affected by the Burmese demonetization measure. The Thai and Burmese merchants, who have been trading across the border, have temporarily ceased their business.

Thai police officials at the border said the Burmese Government has also been trying hard to stop the Burmese merchants from trading in the border areas, controlled by the KNLA or so-called Kawthoolei, to cut off the source of income for the rebels.

The KNLA's main source of income is from taxes collected from Burmese and Thai merchants, who have been trading in the Karen black markets on the Thai-Burmese border.

The rebels and Thai officials said the Burmese forces have deployed several small units to block most of the routes used by the

Burmese smugglers who have been plying their business in the KNLA-controlled black markets along the Moei River which demarcates the Thai-Burmese border.

The Burmese Government seems to be achieving its objective of putting economic pressure on the Karen army. As one senior Thai official told *The Nation*, the business in Mae Sot at present can not depend on foreign buyers as it did in the past due to the decreasing number of Burmese merchants coming to the Thai-Burmese border.

However, according to the Thai police, after shooting about 40 Burmese smugglers and porters who were found with goods smuggled from the Thai border about two months ago, the Burmese forces appear to be relaxing its strict campaign by merely confiscating goods without harming the smugglers.

The officials said the Burmese Government since March has closed the Thai-Burmese border pass at Myawaddy District of Burma opposite Mae Sot as a part of its campaign to separate the Burmese from the ethnic Karen people to prevent the Karens from seeking information on Burmese military movements.

They said the Thai merchants have not been allowed to cross the border while the Burmese can cross into Thailand. According to the officials, the Burmese town of Moulmein, where most of the Burmese smugglers have to pass en route to other Burmese interior towns, is under strict control of Burmese soldiers.

The officials said the Burmese forces have located the smuggling routes with tip-offs given by Burmese merchants who came back from the Thai-Burmese frontier.

"Sometimes, the Burmese officials even came to Mae Sot to explore the areas in an attempt to find the smuggling routes," one of the Thai officials said.

The police officials said two major Karen black markets at Palu and Wang Kha were also affected by the Burmese economic offensive. They said fewer Burmese merchants have been coming to the Karen-controlled markets.

Palu market is opposite the Thai border village of Mernluechai in Phop Phra Sub-district while Wang Kha is a KNLA position opposite the Thai village of Wang Kaew north of Mae Sot District of Tak Province.

An informed source told *The Nation* that while the Burmese forces have been keeping up pressure on the Karen black markets along the Thai-Burmese border, Rangoon appears to be relaxing its control against the smuggling business on the border with its northern neighbour to facilitate the flow of consumer goods which are needed in the interior.

One senior official said the relaxed control on the northern Burmese frontier seems to be Rangoon's attempt to draw the attention of the Burmese smugglers from the Karen black markets on the Thai-Burmese border to the new site of smuggling further north.

"The Burmese merchants might feel it is risking their lives trading in the Karen-controlled black markets while it is safer for them on the other part of the frontier," one of the officials said.

According to the Thai officials, after a series of Burmese attacks on the Karen stronghold, the KNLA is suffering economically but a senior KNLA official said the Burmese economic pressure has little effect on the KNLA.

"The Burmese forces can not close all of the routes to our areas or ruin our strength," said Maj Then Maung, deputy commander of Kawmura, a KNLA stronghold opposite the border district of Mae Ramat in Tak.

While the Karen leaders said the KNLA are able to stand on their own feet, some Thai officials said the Karen rebels are seeking assistance from outside to cope with their economic problems.

"They (the Karens) are following the tactic of the PLO (Palestine Liberation Organization) in seeking help from foreign countries," one of the officials said.

According to the rebels, the Burmese military movement has indicated possible all-out Burmese attacks on a string of KNLA strongholds along the winding Meol River.

Some observers said the Burmese forces are waiting for the upcoming dry season to launch a full-scale offensive against the KNLA border bases.

/12828

CSO: 4200/241

INDONESIA

BRIEFS

THREE MALAYSIAN FISHING BOATS SEIZED--Banda Aceh, KOMPAS--The marine unit of the Aceh provincial police detained three Malaysian fishing vessels for violating Indonesian territorial waters off Ujung Temiang, Seureuwe, in East Aceh on Thursday [10 October--FBIS]. The three vessels were seized while fishing with trawls some ten miles from the coast and were brought to Kuala Langsa on Friday afternoon. The chief of the East Aceh police, Police Lieutenant Colonel Wirman Burhan, contacted by KOMPAS on Friday, said several Malaysian crewmen tried to resist the arrests. One of them even fought with policemen. As a result, the Malaysian fisherman fell into the sea, but he was rescued. Police Lt Col Wirman said that there were ten crewmen in the three ships. The wounded crewman is being treated at Langsa General Hospital while the remaining nine crewmen are detained pending an instruction from the chief of Aceh provincial police. Some three tons of fish were found aboard the ships. According to Wirman, the fish has been auctioned off for fear of decay. [Excerpt] [Jakarta KOMPAS in Indonesian 12 Oct 85 p 12 BK]

DAILY DIVIDES ECONOMIC, POLITICAL TIES WITH USSR--The BERITA YUDHA daily writes that relations with the Soviet Union, particularly in the economic field, are now new for Indonesia because the two countries signed an agreement on economic and technical cooperation in 1956. However, these relations later faced various obstacles due to the old order government's tilt to the PRC and have been cool in the wake of a rebellion staged by the 30 September Movement of the Indonesian Communist Party. The two countries are making efforts to reestablish economic relations through exchanges of visits by their officials. BERITA YUDHA is confident that Indonesian-Soviet economic relations will improve further if they are not mixed in with political relations. [Text] [From the press review] [Jakarta Domestic Service in Indonesian 0600 GMT 30 Oct 85 BK]

/12858
CSO: 4213/16

LAOS

BRIEFS

RELIEF TO SRV TYPHOON VICTIMS--Vientiane, 31 Oct (OANA-KPL)--The government of the Lao PDR has decided to send 20 million kip worth of relief to the people in Binh Tri Thein Province and other parts of central Vietnam, who suffered losses of lives and property during the recent typhoon and floods. [Text] [Vientiane KPL in English 0906 GMT 31 Oct 85]

WOMEN RETURN FROM SRV--Vientiane, 27 Oct (KPL)--A delegation of the Lao Women's Union headed by Khampheng Boupha, member of the party CC, president of the Lao Women's Union, returned here on 24 October after attending the celebration of the 55th anniversary of the founding of the Vietnam Women's Union and a conference of outstanding Vietnamese women in Hanoi. The delegation was met at the airport by Phetsamon Lasasinma, member of the party CC, vice-president of the Lao Women's Union, together with other officials. Vu Tien, charge d'affaires of the SRV, and Vietnamese women advisors to Laos, were also present on this occasion. [Text] [Vientiane KPL in English 0903 GMT 27 Oct 85]

HANOI DELEGATION ENDS VISIT--Vientiane, 28 Oct (KPL)--Sithon Sibounhuang, deputy-minister, member of the Vientiane party and administrative committees, and head of the planning service of Vientiane and of the commission for economic and cultural cooperation between Vientiane and Hanoi, received here on 25 October a Hanoi trade experts' team led by Nguyen Dinh at the end of its mission here. During the warm and cordial talk, the two sides reviewed the results of trade cooperation between the two capital cities. On this occasion, Sithon Sibounhuang expressed his high appreciation of the successes in trade cooperation between Vientiane and Hanoi, and his wish for further promotion of this cooperation. [Text] [Vientiane KPL in English 0850 GMT 28 Oct 85]

MONKS' ISSUE RESOLUTION ON PEACE--Vientiane, 29 Oct (KPL)--The Lao Buddhist Union organized a conference here on 26 October to review the activities of Lao monks in the struggle for peace. The conference was presided over by the Venerable Thongkhoun Anantasounthon, president of the Lao Buddhist Union, and attended by more than 1,000 monks. The participants unanimously adopted a resolution, which 1) voices full support for the policies, especially the foreign policy of peace, friendship and cooperation, of the party and government of the Lao PDR, 2) calls upon mankind to be

kind towards one another, and urges all peoples to unite more closely together in their common efforts for peace, friendship and cooperation, 3) resolutely protests against the arms race, the use of outer space for military purposes and the Star Wars programme of the U.S. imperialists, which run counter to the aspiration of all peoples for peace and social progress, [word indistinct] a threat to the well-being and security of the world, and 4) fully supports the Soviet Union's unilateral decision to adopt a moratorium on nuclear tests and its struggle for peace in the world. [Text] [Vientiane KPL in English 0909 GMT 29 Oct 85]

/9604

CSO: 4200/187

MALAYSIA

THREE MEMBERS OF SABAH'S RULING PARTY RESIGN ASSEMBLY SEATS

HK311314 Hong Kong AFP in English 1251 GMT 31 Oct 85

[Text] Kuala Lumpur, 31 Oct (AFP)—Three members of the eastern Malaysian state of Sabah's ruling party today resigned their seats in the state legislature. Observers said the resignations were another setback for Chief Minister Joseph Pairin Kitingan's beleaguered 6-month-old state administration.

Sabah State Assembly Speaker (presiding officer) Mohamed Sunoh Marso said in a statement released in Kota Kinabalu, the state capital, that he had received letters of resignation from Parti Bersatu Sabah (PBS) members Ahmad Baharum Titingan and Saman Ghulam—both assistant ministers—and Lau Pui Keong.

But a senior PBS official said that the resignations had been "clearly engineered" by two opposition parties—the Parti Berjaya, which PBS ousted from power in state polls in April this year, and the USNO [United Sabah National Organization]. The USNO leader, Mustapha Harun, is contesting in court Mr Kitingan's appointment as chief minister.

The official said that Berjaya and the USNO had sent to the speaker previously undated letters of resignation that the four assemblymen had signed before the April polls.

Mr Sunoh said that a fourth legislator—Othman Mohamad Yassin of the predominantly Muslim United Sabah National Organisation (USNO) had also quit.

Mr Baharum, Mr Ghulam and Mr Lau crossed the floor to join Mr Kitingan's PBS after the elections.

Mr Baharum and Mr Lau contested the bitterly fought election as Berjaya candidates, while Mr Ghulam stood on a USNO ticket. Mr Othman was widely rumoured to be contemplating switching allegiance to the PBS.

However, the resignations do not immediately threaten Mr Kitingan's administration, which is now left with 33 seats in the assembly of 48 elected and six appointed members. The USNO holds 14 seats and Berjaya three.

But political observers said that the PBS, which draws much of its support from the oil-and-timber-rich state's Christian and Chinese communities, stood little chance of winning in three of the four constituencies, because of their predominantly Muslim electorates.

"The resignations seem like a calculated attempt to embarrass Mr Kitingan, who claims his government enjoys the support of all communities," one Asian diplomat said.

The 67-year-old Mr Mustapha has asked the high court in Kota Kinabalu to rule Mr Kitingan's appointment unconstitutional and to declare himself minister on the grounds that he was appointed first.

State Governor Adnan Robert revoked Mr Mustapha's 22 April appointment as chief minister within hours of swearing him into office, on the grounds that he was forced by threats into swearing in the USNO leader.

The high court today rejected Mr Mustapha's application for an injunction to restrain Mr Adnan from dissolving the legislature to allow for fresh elections--a move Mr Kitingan is said to be considering as a way out of the current political impasse.

The official Bernama News Agency quoted Justice Abu Mansor Ali as saying that the court had no right to interfere with the constitutional provision giving the governor the right to decide when to dissolve the assembly.

Federal officials said that Mr Kitingan would meet Malaysian Prime Minister Mahathir Mohamad tomorrow for talks on the continuing crisis.

Dr Mahathir, who campaigned against the PBS during the April elections, has shelved an application by Mr Kitingan for his party to join the prime minister's 11-party National Front coalition.

Top officials of Dr Mahathir's United Malays National Organization (UMNO) have accused the PBS of discriminating against Sabah's Muslims, but Mr Kitingan has denied the allegations.

/9604

CSO: 4200/191

MALAYSIA

NEW INDIAN PARTY REGISTERED

Kuala Lumpur NEW STRAITS TIMES in English 20 Oct 85 p 7

[Text]

KUALA LUMPUR, Sat. — A new political party known as the Democratic Malaysian Indian Party (DMIP) has been registered.

The party, headed by former MIC vice-president V. Govindaraj, was informed today that it has been registered.

Announcing this, Mr Govindaraj who is the MP for Port Klang, said the formation of the political party had nothing to do with his personal vendetta against MIC president Datuk S. Samy Vellu; neither was it his desire to lead a party.

"It is formed in view of the great demand by Malaysian Indians to have a party which can really express their democratic feelings," he said.

Mr Govindaraj, 53, who quit MIC in May 1983, said the party's protem committee members will meet in a week or two to discuss the need to travel all over the country to explain to the people the aims and objectives of the new party.

He said they will also discuss the party's intention to join the *Barisan Nasional*.

"We hope our application will be considered," he said.

He claimed that about 500 branches in the country, each with an average of 200 members, had shown interest to join DMIP.

The DMIP is expected to distribute membership application forms by Wednesday.

The party's symbol is a golden sun rising in the midst of green and blue triangles. It uses the savings of Oliver Gold-

smith's Our greatest glory is not in never falling but rising everytime we fall as its slogan.

Headmaster K. Balan, who was the chairman of MIC Banting branch, is the party protem deputy president, developer and former Selangor MIC Youth treasurer S. Rayar is secretary, ex-Selangor MIC Youth chief V. Sivaratnam is assistant secretary, former MIC Batu Caves branch treasurer S. Muniandy is treasurer and Mr G. Pillay is the legal advisor.

Every branch shall function with a minimum of 100 members. The entrance fees shall be \$3 and annual subscription for membership shall be \$2.

The protem president believed the party would receive the support of intellectuals, the freedom fighters, democrats and distressed groups.

DMIP, he said, is not formed for any individual, but is set up "by the people and for the people".

The new party operates from its office at 10B, second floor, Jalan 54, Desa Jaya, Kepong.

Among the aims and objectives of the party are to:

- Defend Malaysia's independence and sovereignty;

- Uphold the principles of parliamentary and democratic Government on a multi-racial basis;

- Promote respect and tolerance for the religious life of all communities and;

- Honour and uphold the country's Constitution and to sustain the tenets of the Rukunegara.

/12828

CSO: 4200/240

MALAYSIA

PBS ENTRENCHES ITSELF IN SABAH

Kuala Lumpur NEW STRAITS TIMES 14 Oct 85 p 2

[Article by Zainon Ahmad and Eddy Hiew]

[Text]

TENOM, Sun. - With its election victory in Ulu Padas, the youthful Parti Bersatu Sabah (PBS) is further entrenched as the Government of the State.

Still flushed from its April victory, the party bowled out Berjaya's attempt to regain its fallen image after the debacle which saw its 42-seat domination reduced to a mere six.

After three of the Assemblymen crossed over to the PBS, the party which ruled Sabah for about a decade now has only three Assemblymen and 10 MPs.

Last night the PBS gained yet another parliamentary seat boosting its strength in the Federal legislature to three.

State Local Government and Housing Minister Kadoh Agundong defeated Berjaya's Jiuin Jiuin alias Haji Musa by a majority of 2,262 votes. He secured 7,196 votes to Encik Jiuin's 4,934.

Support for the PBS seemed to have increased although only 73.4 per cent of the 16,713 voters turned out. In April the total turnout for the State constituencies of Sipi-

tang, Tenom and Kerna-bong was about 79 per cent.

In April the total votes polled by the PBS was 3,287, Berjaya obtained 4,667 and Umo 2,607.

Stronghold

This time the PBS polled 7,196, an increase 1,909 votes. Berjaya made a gain of 267 votes to its April figure.

But what happened to Umo's April 2,607 votes that should have gone to Encik Jiuin contesting under the Harisan Nasional ticket?

In Siptang, the Umo stronghold, only 3,982 voters turned out compared with 4,558 in April.

Who are those who stayed away? Are they Berjaya or Umo voters? The two parties together in April polled 3,636 votes.

Observers believed that many supporters of Umo and Berjaya in Siptang voted for the PBS because in April the party obtained only 802 votes from the State constituency.

Thus despite Umo's support Berjaya failed to retain the seat once held by its former leader Datuk Harris Salleh.

Or did Berjaya lose again this time because of Umo's backing.

Whatever it is, it is clear that Berjaya has yet to recover from the shock defeat it suffered in April.

The question is whether Berjaya will recover or will it finally fade away?

Humiliation

At the moment the PBS, which now controls two-thirds of the State Assembly, seems to be enjoying a winning streak. It is difficult for Berjaya at this juncture to challenge the party at the polls.

Berjaya leaders knew very early during the campaign that it was done for in Ulu Padas but maintained a confident facade in the interest of its party workers.

Last night while the votes were being counted all the top party leaders and those from Umo, including the candidate, were significantly absent from the Dewan Sri Antenor.

On the other hand Mr Agundong was there with other State Ministers and Deputy Ministers from the PBS. Present were Finance Minister Bernard Dompok, Culture, Youth and Sports Minister Nahaklan Haji Damsal and Deputy Ministers Yong Teck Lee, Francis Laong and James Vitalla.

It was only last year that Chief Minister Datuk Joseph Pairin Kitingan challenged Berjaya and humiliated the party in Tasobunan. In April his fledgling party ousted Berjaya and last night prevented Berjaya from even winning the seat once held by its president.

The PBS is not giving any quarter.

Many agreed that it was not the Barisan Nasional that was defeated but it was Berjaya that was rejected.

PBS leaders, with the party's application still languishing in the drawers of the BN, said last night that the voters had long associated Berjaya with Datuk Harris and had therefore rejected it even though the former Chief Minister had left the party.

Furthermore, the people believed that he still had some control in the party as seen by his campaigning in Ulu Padas.

It is due to this perhaps that Berjaya president Datuk Mohamed Noor Mansor said that had he had his way he would not have allowed Datuk Harris to campaign for the party.

Hint

PBS leaders last night claimed that the case against Datuk Herman Luping had helped to rally the people against what they claimed to be "the machinations of outside forces", a subtle hint that the Federal Government was involved.

They also said the people saw the PBS Government as sincere and honest, especially after Encik Nohalan announced the sacking of the two officers involved in the Sabah Sports and Cultural Board scandal, even though the two were staunch supporters of the party.

It is clear that the co-operation between Berjaya and Usno did not

work. It was only six months ago when during the April election Berjaya leaders had hit out at Usno.

The impact must have been such that the impression of Usno as a "terrible party" was difficult to wipe out overnight. Thus, the call by Berjaya to "let bygones be bygones" did not attract fresh voters.

Datuk Mohamed Noor already had his misgivings when he directed party workers to tout the Usno-Berjaya co-operation in Sipitang but not to be too explicit about it in Tenom and Kemahong.

Many of Datuk Harris' personal supporters also stayed away from the polls after some over-enthusiastic party workers began hitting out at Datuk Harris during the campaigning.

Usno, on the other hand, while publicly claiming to support Berjaya went round only in the last week of the campaign. Its president, Tun Datu Mustapha Datu Harun, went to Sipitang and Tenom only on the eve of polling day.

Crossovers

Some grassroots Berjaya leaders now claim that the results would have been in the party's favour if Usno had participated early in the campaign.

How will the Berjaya supreme council now rule when Datuk Haji Mohamed Noor proposes that the party supports Usno's application to the Isarikan Nasional?

Among the other factors for Berjaya's defeat was that Usno dichards refused to vote while some voted for the PBS after the stinging remarks Berjaya made against Usno in April.

There were also a few crossovers in Sipitang. For instance, almost the entire Usno branches in Lubuk Darat and Sungai Tiga crossed over to the PBS.

For Berjaya, its co-operation with Usno has caused it to lose many of its non-Muslim voters.

Now that Kadoh Agundong will be going to Parliament, one Usno MP will have to eat his words or lose his seat in the Dewan Rakyat.

He told voters on Thursday that Mr Agundong "is the type who will sleep in the House. If he does not sleep, I will vacate my seat."

Another by-election?

MALAYSIA

BATTLEWORTHINESS OF TANKS PRAISED

Kuala Lumpur NEW STRAITS TIMES in English 13 Oct 85 p 3

[Text]

ASAHAN, Sat. — Deputy Defence Minister Datuk Abang Abu Bakar today called for faith in the battleworthiness of the Scorpion tanks and armoured vehicles that have been purchased for the Army Cavalry Corps.

He said the Government had spent \$847 million in 1980 and 1981 to acquire over 800 armoured vehicles: the British-made Scorpions, Belgian-made Sibmas and West German Condor armoured vehicles, and other similar-classed ones.

Since then, doubts about the battleworthiness of some models had been voiced periodically.

The modified turrets of the British tanks had been said to be too heavy, resulting in unstable vehicles that could not climb slopes.

Doubts

More recently, the weight of Sibmas armoured recovery vehicles (ARVs) was said to exceed the Army Cavalry Corps' specifications.

Datuk Abang said the decision to acquire these vehicles had been a good one.

"With these vehicles, the Army Cavalry Corps now has stronger firepower and punch for its

operational duties in counter-insurgency and conventional warfare.

"The army needs these vehicles to step up mobility and firepower which are important factors in the battlefield.

"I hope that any lingering doubts as to their capabilities will be cleared

once and for all."

The Deputy Minister was speaking at a static and firing demonstration of vehicles at the Army camp today.

Thirteen vehicles took part in the field firings — two Ferret scout cars, two Condors and three Sibmas armoured vehicles, two Scorpion tanks, and four Stormer armoured personnel carriers.

The demonstration was held by the First Cavalry's Squadron "A" from Port Dickson, and the 11th Cavalry's Squadron "B" from Sungai Buloh.

Also present were acting Army Chief Lt-Jen Datuk Hashim Mohamed Ali and commander of the First Malaysian Infantry Brigade Brig-Jen

Mohamed Yusoh.

Seven MPs and two Senators also witnessed the demonstration.

They were Sen Kenneth Kanan, Sen Datuk Pasamanickam, Mr Lee Lam Thye, Encik Khadri Sabran, Mr Andrew Janggi Muiyang, Mr Yew Poo Weng, Encik Azaharul Abidin, and Encik Abdul Ghani Misbah.

/12828

CSO: 4200/240

MALAYSIA

NEW ARTILLERY PURCHASES PLANNED

Kuala Lumpur NEW STRAITS TIMES in English 13 Oct 85 p 3

[Text]

ASAHAN (Malacca), Sat. — The Malaysian Armed Forces may be buying 155mm medium-range artillery under the Fifth Malaysia Plan if this is approved by Parliament in its coming session.

Deputy Defence Minister Datuk Abang Abu Bakar Mustapha said today the army had plans for the development of a battery of medium-range guns which has an effective range of about 48 km.

A battery might be anywhere between six and nine guns, with another four for training at the artillery school and two in reserve, he told reporters after observing a fire power demonstration by light tanks and armoured vehicles by the Cavalry Corps at the firing range.

Datuk Abang Abu Bakar said the army had evaluated the latest guns of three different makes — one each from Belgium and Austria and one from a joint Italian-British-West German concern.

Acting Chief of Army Lt-Jen Datuk Mohamed Hashim Mohamed Ali, who was at the demonstration, said the army was keen on having the medium-range gun to augment the 105mm howitzer, currently the largest gun in the artillery corps and which has a 7-km range, in its inventory.

However, he said, acquiring the guns would depend on the allocation for the overall development plan for the three services of the Armed

Forces under the Fifth Malaysia plan.

The army initially planned to purchase medium-range artillery under the "Perista" Armed Forces expansion programme in the late 70s but was shelved due to lack of funds.

A search for such guns was revived last year and a study was completed around the middle of this year, a senior artillery officer said.

He added the report was now awaiting a decision from the Armed Forces Council and the Cabinet.

The medium-range gun, apart from its importance in limited conventional warfare, is also important in providing fire support in countering insurgent operations as security forces patrols sometimes covered distances of more than seven km, he added.

Scorpion light tanks and the Sibmas armoured fighting vehicles, both armed with 90mm cannons, were among the 12 battle wagons which took part in the demonstration.

The fire power demonstration, conducted by the 1st and 11th Royal Cavalry Regiment, was viewed by eight Members of Parliament, both from Barisan Nasional and the Opposition, and Senators.

Datuk Abang Abu Bakar, on behalf of the Ministry, had invited 80 MPs and Senators but most of them could not make it.

The VIPs were accompanied by a 15-member Press corps from Kuala Lumpur.

MALAYSIA

AUSTERITY MEASURES POSSIBLE IN 1986 BUDGET

Kuala Lumpur BUSINESS TIMES in English 22 Oct 85 p 1, 24

[Article by Hardev Kaur]

[Text]

MALAYSIANS can expect more belt tightening measures in the 1986 budget in view of difficult economic conditions. The economy this year is only projected to grow at 5.2 per cent against the forecast of 6.7 per cent in the 1985 budget.

With prices of most of Malaysia's export commodities on the decline, the government's revenue is said to be trailing behind. Not only have the prices of natural rubber, palm oil, timber and petroleum fallen short of the projected level, but also exports of manufactured goods.

As Prime Minister Datuk Seri Dr Mahathir Mohamad said in Nassau, where he was attending the Commonwealth Heads of Government meeting, it will be an austere budget.

Last year, export duties accounted for some nine per cent of total federal government revenue while direct taxes such as income tax, export tax and royalty on petroleum accounted for some 88 per cent of revenue. Other sources of revenue include import taxes, sales tax, excise duty and road tax.

But with the drop in commodity prices and the slow growth of the economy, revenue to the government has been drastically reduced.

There are very few bright spots and one of them is Liquefied Natural Gas (LNG). Bank Negara figures show that during the first quarter of this year LNG exports registered strong growth, increasing by an annual rate of 90.5 per cent to \$629 million.

The price of natural rubber has fallen to an eight-year low and even though it has improved slightly it is still below the Treasury's forecast of 240 cents a kg. The price of crude palm oil has fallen to just \$670 a tonne, from \$1,211 a tonne at the beginning of the year. This is also below the forecast of \$1,000 a tonne.

In 1984, the primary commodities sector contributed about 20 per cent of gross national product and about 44 per cent of total export earnings. In absolute terms, export earnings from this sector (excluding petroleum and gas) was estimated at \$15.8 billion in 1984, compared with \$13.9 billion in 1983.

Even the price of petroleum has softened. With the glut in the oil market Malaysia has had to cut back its production by 60,000 barrels a day since the beginning of this year thereby forgoing revenue of \$900 million. This, however, does not take into ac-

count the revenue that will have accrued to the government from export tax and royalty. In addition, Petronas cut its oil price by between 50 and

US 75 cents US a barrel from July 1, which means additional revenue of about \$300 million foregone by the government.

The government is hard-pressed to find the revenue. With the world economy not performing very well and with some 50 per cent of Malaysia's GNP dependent on exports there will have to be rationalisation of the domestic economy. Perhaps a boost, with increase in import duty on selected luxury items, for the Buy Malaysian campaign will be timely in reducing foreign exchange outflow.

Public sector financial position is expected to remain tight as existing taxes are not projected to increase significantly, although efforts to reduce tax evasion may be intensified.

The budget will have to ensure that government investments do not have

high import content and can generate highest possible rate of return within the shortest possible time.

With the world economic situation still not looking up, the government will have to check increases in unem-

ployment. Job generation of each investment will be an important criteria in resource allocation.

Drastic expenditure cuts seem to be on the line. In fact, the government has shelved two projects under its heavy industries programme. They are the clinker grinding mill and a copper and copper alloy semi-finished products plant, both of which were to be located in Kelantan.

Trade and Industry Minister Tengku Razaleigh Hamzah told *Business Times* that the government is "cutting expenditure where we can. We are cutting everything except salaries." Some allowances of senior civil servants have been cut, such as travelling allowance.

The government's austerity drive initiated some three years ago is expected to continue. In terms of budgetary expenditure, federal government development expenditure was reduced by an average of about 10.5 per cent annually since 1982 through 1984. The operating expenditure was also brought under control, with annual increases of only about 5.9 per cent in the last two years.

/12828

CSO: 4200/240

MALAYSIA

COCOA EXPORTS FOR 1984 REPORTED

Kuala Lumpur NEW STRAITS TIMES in English 17 Oct 85 p 18

[Text]

MALAYSIA exported more than 60,000 tonnes of cocoa last year, according to the latest issue of *Mardi's* publication, "Berita Penyelidikan".

It says the main buyers of Malaysian dried cocoa beans were West Germany, Singapore, Holland and the United States.

Besides exporting dried cocoa beans, the country was also exporting other cocoa products like cocoa butter, cocoa powder and chocolates.

Cocoa is the third most important agricultural commodity exported by the country after rubber and palm oil.

The publication says

that with the increase in the production of cocoa and factories processing it, it is expected that the nation's earnings from cocoa products will rise in future.

The area under cocoa had increased 11-fold from 17,500 hectares in 1972 to 200,000 hectares in 1984.

Sabah accounts for about 65 per cent of the cocoa grown in the country.

The publication says that of the 35,000 hectares of cocoa cultivation in Peninsular Malaysia, 45 per cent belonged to smallholders who plant it as a cash crop in coconut smallholdings. — *Ber-nama*

/12828

CSO: 4200/240

MALAYSIA

BRIEFS

ENCROACHING FISHERMEN--The government considers the encroachment of foreign fishermen in Malaysian territorial waters as a national problem. In stressing this, the minister of agriculture, Mr Anwar Ibrahim, said that trespassers not only jeopardize the income and property of local fishermen but threaten national security as well. He said this at a dialogue session with some 500 fishermen in Talipot in the east coast town of Kuala Terengganu. Mr Anwar also promised to look into the problem of local fishermen being affected by the presence of the temporary Vietnamese illegal immigrant camp of Pulau Bidong. Local fishermen had alleged that some Vietnamese illegal immigrants had been involved in criminal activities, including piracy. The fishermen also claimed that the presence of the camp on the island prevented them from seeking refuge during storms at sea. Mr Anwar added that the 6,000 Vietnamese illegal immigrants could only be transferred when third countries stepped up acceptance of the illegal immigrants for resettlement. He stressed that the problem is a humanitarian one and that the country had to adopt an open mind in facing it. [Text] [Kuala Lumpur International Service in English 0600 GMT 31 Oct 85]

PETROLEUM AGREEMENT WITH THAILAND--Malaysia and Thailand have agreed to jointly explore petroleum off the east coast of peninsular Malaysia. The Thai ambassador to Malaysia, Dr Chawan Chawanit, said during a 2-day visit to Kedah State that both countries would finalize arrangements on the joint venture project soon. He also said that agreements had been reached between the two countries on how to utilize water from the Golok basin for agricultural projects in Kelantan and Narathiwat Province in Thailand. [Summary] [Kuala Lumpur Domestic Service in English 1130 GMT 29 Oct 85]

/9604
CSO: 4200/191

PHILIPPINES

CORY AQUINO DISCUSSES CANDIDACY, OTHER ACTIVITIES

Quezon City ANG PAHAYAGANG MALAYA in English 13-14 Oct 85

[Interview with Corazon (Cory) Aquino by Sylvia Mayuga in the "Lipad Diwa" column: "Cory Comes Into Her Own"]

[13 Oct 85 pp 4, 6]

[Text] Her sisters-in-law have always considered Cory C. Aquino a "cool cat", responding with modesty but ever more obvious inner strength to the escalating trials of a 29-year marriage not only to her late husband's hyperkinetic intelligence and vaulting ambition but eventually to his seven-year imprisonment and eventual martyrdom.

Today, two years after an assassination that has helped an entire country turn a historical corner, Cory Cojuangco's marriage vows to Ninoy Aquino 31 years ago continue to lead her into paths unknown and untried, the latest of which is a growing 'Cory Aquino for President' movement headed by the most powerful newspaper publisher pre-martial law, Joaquin 'Chino' Roces.

Ninoy's roller coaster political career never tempted Cory away from what she calls terra firma, the boundaries of devoted wife--and motherhood. Today's political developments have not, we are happy to report, turned her head one bit.

However, it is obvious from the following one-on-one interview that all those years with Ninoy plus these past two years of assuming the moral stature of a national hero's widow have all given this woman--who had hitherto chosen to keep the quiet sparkle of her intelligence pretty much to herself and her clan--some very important things to say today.

Malaya: Corry, what about this presidential draft?

Cory: If this were something I really wanted, I'd thank them and say 'Wow, thank you.' But this is something I really do not want and secondly, I'm really worried that instead of helping my efforts at unification, it is in fact making things more difficult.

I meant it when I told Viewpoint that I'm asking people to pray with me. The way I see things, I don't think it will come to that. I only see myself as

being mentioned in case of snap or emergency elections. When regular elections are concerned, I am out of the picture. This is my sincere belief. The only reason I am being thought of is that there may be disagreements and time is of the essence and so some people see me as being the person to whom others will give way. But I really have serious doubts about that, especially after the experience of the Liberal Party.

Malaya: What about Judy Roxas and the Liberal Party presidency?

Cory: Sabi ko sa kanya noon, [I said to her then] anyway everybody's offering it to you, junin mo na [take it] for three months. Anyway, by that time, magkakasundo na itong dalawang ito [these two will unite] (Malaya: Kalaw and Salonga)--one can be president of the party and the other can be presidential aspirant.

At that time, Judy could not tell me na [that] half-hearted naman ang offer sa kanya. Para bang eto, sige, ikaw na, pero huwag mong tatanggapin. [the specifics of the offer made to her. But as though she were coerced, she should not accept it.] For public consumption, I'm offering it to you pero huwag mong tatanggapin. [but you will not accept it.]

So, if that is true with just the presidency of a party, how much more the presidency of the country? This is my point. Doy will not give it to me, Eva will not give it to me and Jovy, even if he tells me everytime he says me, "Cory, sabihin mo lang, [Cory, just say that you will run for president] I'm sure he won't give it to me.

For me, it's very easy to give because I don't want it pero, [but] looking at it from their point-of-view, this has been a life-time ambition, they've really worked for it, nandoon na [they're far ahead], they're nine-tenths of the way.

Malaya: That's actually strength. That you don't want it.

Cory: Kaya nga. [That's exactly it.] People tell me, 'Cory, alam mo, kaya ka gusto ng tao, dahil wala kang ambisyon.' [Cory, you know the people like you because you have no ambition.] So, if we accept that, then logically, if I accept a draft sasabihin nila, 'Gusto din pala niyan, e. Umarte lamang. [they will say, 'So she wanted it after all. She was only pretending.'] So the reason people like me would disappear.

In fact, two people have written to me saying, 'Sana hindi ka na lang jumandidato kasi 'yung kasamaan ng mga pulitiko e magiging ganoon ka na rin.' ['Hopefully, you will not become a candidate, because by not running, you will not become like politicians with their evils.'] And that made sense to me.

I think the problem now is that many of us have become very cynical because we're had Marcos for so long, we actually think of people as saying something pero [but] having an ulterior motive.

Malaya: How do you gauge the strength of the Liberal Party?

Cory: When you think about it, ano nga bang [what] Liberal Party? When I think of it. I think only of those who participated in the 1984 elections, that would be Eva's group. The rest have been inactive in the sense that since they did not participate, they have not been able to organize on the local level.

So when I go to the provinces, people come to me and say, ako, [I belong to] Liberal Party. Sabi ko naman, 'A, talaga? Kasi ako, wala akong [I say, 'Ah, really? As for me, I have no political party.'] party.' Ninoy, of course was secretary-general and all that pero [but] I like to think of myself as not belonging to any particular party precisely because I don't think of myself as a politician. Partyless na nga. [but.]

Malaya: What about the lessons you've learned these past two years?

Cory: My first big mistake was signing that thing for participation-boycott. I let myself be talked into it. I only had myself to blame. Looking at it positively, sabi ko, siguro [I say, maybe] this happened to me so that in the future, I will not allow myself to be talked into something I do not really believe in. 'Yang pakikisama [That togetherness] bit should not be uppermost.

"I'm also glad I've had that experience na [that] when I wanted to go to the NUC, these people wouldn't let me. That's when I was so angry with myself. My tears were beginning to fall and I said to myself, 'Yikes, bakit ba 'ko iiyak [why will I cry] at this point?' You know, here you are, trying to appear so much in control of the situation pero [but] it was just utter frustration. Sabi ko sa sarili ko, [I said to myself,] 'Gosh, why did I get mixed up with a group like this?' After that, I was still boiling mad, sabi ko, [I said,] 'I'm just going to say good-bye to these people.'

"In fact, when Sen. Tanada asked me later, 'Cory, galit ka pa ba sa amin? Sabi ko, 'Medyo ho.' ['Cory, are you still angry at us' I said, 'Somewhat'.] I could not say 'no' dahil [because] it wasn't honest. Sabi ko, [I said,] these people always tell me that I am important to them. Sabi ko, [I said,] if I'm important, how com I cannot do what I want and what I believe to be right for me?

Ewan ko, sabi ko nga, [I don't know, I said,] some of these people really don't know me. Some of them who have been with me in meetings, sabi nila siguro, 'Kayang kaya namin itong Cory na 'to.' [perhaps they were saying, 'We can easily control this Cory.'] Pero [But] I am awful when it comes to that kasi [because] when I really believe in something, nobody can make me change my mind. I can be very stubborn about that. I should be given a little credit naman [indeed] that I know what I'm doing!

[14 Oct 85 p 4]

[Text] Malaya: How do you see the whole course of uniting behind one presidential candidate against Marcos?

Defeating Marcos is a very difficult task. Everyone realizes that. We will have to unite behind one candidate when the moment of truth comes. Right now, there's a lot of infighting, making porma, [formalities,] showing off what your manok [fighting cock] can do. Kasi hindi pa nagriring ang bell. Pero [Because the bell hasn't rung yet. But] the reality is that we can only defeat Marcos with ONE candidate.

And it's not just the aspirants themselves who will bring about unity but a lot of people who were heretofore uninvolved and are now dedicated to the restoration of democracy in our country.

Saka [Also] it's basic. The businessmen will not support more than one candidate. There are no funds for more than one. I asked Neptali Gonzales how much a presidential campaign would cost and he said a minimum of P250 million! That, of course, is not counting that there are many who will be willing to do volunteer work.

It's as basic as that.

Malaya: Speaking of funds, kumustang, nangyari sa Negros project mo? [How has your Negros project been doing?]

Cory: I was able to raise P830,000. People were telling me, 'Pasalamat ka na. Ang hirap ng pera ngayon.' ['You should be grateful. These are difficult times.'] [Tapos, [But,] Business Day was able to raise P850,000 for the Pagkaon Project.

Pero [But] you know, what really moved me was the experience in Negros itself where I saw how the people continue to be so concerned about one another. Hindi naguunahan sa linya ng pagkain, maski na gutom na gutom na. Pinagbibigyan ang isa't isa. [They are not trying to get ahead of each other in the food line, even though they are very hungry. They give to each other.] It was very touching. Kaya tuloy, naisip ko, ito talagang trabahong gusto ko. [Thus I thought, this is work that I really like.]

I was also very impressed by what I saw in Bacolod as far as the church is concerned. They are going beyond the merely religious sphere of the more important daily needs.

Malaya: Cory, tungkol naman sa [concerning the] Communist Party. One of the last interviews Ninoy ever gave was to Mother Jones where he gave a scenario of going over to them to talk them into working with him and if they said no, he'd go after them. What are your own present views?

Cory: I believe that everyone's views should be expressed and aired. Tapos, pagbayaan nating ang bayan ang mag-decide. [Afterwards, let's leave the people alone so they can decide.] Because who are we naman [indeed] to dictate what is best for the whole country? I might believe that what I'm thinking is the best thing for the country but how can I be so sure?

The more I get involved in so many meetings, the more I realize how little I really know. For lack of time and adequate knowledge, I have not crystallized

my thoughts about them. One thing that I would like for us to realize is that we are all Filipinos. Ninoy used to give help to wounded Huks but I'm not yet clear on all this.

Sabi kasi sa 'kin ni Butz noon, Cory, hindi sila bilib sa 'yo kasi burgis ka. Sabi ko naman, [Butz told me then, 'Cory, they do not believe in you because you are bourgeois.' I said, 'Being bourgeois] does not mean I am not concerned.

At this point, my impression of them is that they're insisting on their own. Now I know that they are very dedicated, that they just go on and on maski pagog na pagod na. [even though they are very tired.] And I think sometimes, after a rally, I can always go home and change. Pero sila, [But they,] do they have something to change into? And more important, will there be something for them to eat?

Malaya: Last question for now. Laganap ang balita bago ka umalis para sa Singapore na sa Washington daw ang tungo mo, para kausapin ang mga Kano. May basis naman ba 'yang mga ganyang rumor? [The news was widespread before you left for Singapore, that it was being said that your designation was Washington, in order to talk with the Americans. Was there indeed any basis for such rumors?]

Cory: (laughter) Naku, wala! [None at all!] But I'm glad you told me.

/9274

CSO: 4200/239

PHILIPPINES

CHURCH-STATE RECONCILIATION, NORTHERN LUZON STATUS ANALYZED

Quezon City ANG PAHAYAGANG MALAYA SUNDAY in English 13 Oct 85 pp 12, 13

[Article by Brenda M. Gonzales: "The Church At The Crossroads"]

[Text]

THE Marcos government has been relentless in its drive to win church support. It has met bitter criticisms from the sector and even armed defiance from rebel groups. It has, however, been obviously elated by such successes as the embrace of Jaime Cardinal Sin and Mr. Marcos after a period of mutual recriminations. The so-called reconciliatory gesture between the prelate and the President has been propagandized as an example of what Christian forgiveness means. The message is that the people may now embrace their exploiters and oppressors.

The embrace of State and official Church last September 11 was bound to happen sooner or later. It is interesting to note that it came after elder statesman and nationalist Lorenzo Tanada declared that "revolution is inevitable" after the failure of impeachment proceedings against Mr. Marcos. It came after a series of assassinations of churchmen happened. Roman Catholic priests Tullio Favali and Alberto Romero, and Protestant ministers Magnifico Osorio, Mariano Beling, Elpidio Sumanal, Pastor Ejano, not to mention rank and file seminarians and church workers have been killed.

The Cardinal's gesture is clearly aimed to stem the tide of people's resistance. The Cardinal and many others are understandably horrified at the prospect of escalated armed violence and the death of innocents. They believe it is not too late to reconcile with the regime to avoid further bloodshed. But Mr. Marcos knows that what many church people are really afraid of are, namely, such mundane

things as taxation of church property and the communist bogey.

Mr. Marcos has thus elicited a revulsion "Mabuhay!" not only from the Cardinal but from other prelates. This means, old government spokesman, that "the church is not an enemy of government nor is government an enemy of the church." And because, by extension, the church is the people of God, the government is not the enemy of the people.

Mr. Marcos now wants more external signs of reconciliation with church people in other parts of the country.

In northern Luzon, long before the great embrace of September 11, the government had already obtained the blessings of certain Northern Luzon churchmen. Official church support is particularly crucial for the regime to strengthen the myth of a solid north or the unity of his "Father's House" that Mr. Marcos wants to project. For Mr. Marcos, the solid north means not only the people but churches supportive of the KBL ruling party and the two regional unified commands of the AFP. The reality, of course, is that only the KBL and the AFP it appears are solidly behind the government in the north.

Before the imposition of martial law in 1972, the government had no need for divine intervention in northern Luzon. The churches, both Catholic and Protestant, historically conditioned by feudalism and colonialism, were well relegated to the temporal spheres of

education, health services and social welfare. Moreover, they convinced themselves theologically, spiritually and pastorally to engage in mostly spiritual and moral concerns in the area of private life.

The politicians and warlords of Ilocandia and Cagayan Valley were generous to the churches, in exchange. They saw to it that part of the wealth from tobacco smuggling, illegal logging and the pork barrel was donated to the churches. Places of worship were improved using public funds under the pretext that these were part of the national heritage.

There is now no such fact or myth as a solid north. Armed insurgency is on the rise particularly in Ilocos Norte, the Cordillera and Cagayan regions. The protest movement is building up, and the opposition forces (of Bayan and Unido in the main) are consolidating themselves. The ecumenical church is split politically. There appears to be a church for the government and another for the people. Twenty battalions have been fielded in the north to control this social unrest.

The government has been quick to react to ecclesiastical polarizations in the north. Its plan is essentially the same for all regions of the country. It is contained in what is now known as the Kintanar Paper (recommendations made by Col. Galileo Kintanar in 1979) and the notorious Banzer Plan (recommendations for the handling of the Church in Bolivia).

The plan calls for two approaches to the local churches. The soft approach aims to coopt the conservatives and middle sectors: "The state must seek to give full play to the legitimate doctrinal and temporal interests of the mainstream of the Catholic hierarchy and clergy." The hardline tactic is for the progressive clergy: "The state will adopt countermeasures against religious radicals . . . persuasive and corrective measures."

To understand the polarization of the churches in the north, one must consider the emergence of five distinct blocs among church people and laity who closely identify with their churches. These are blocs within the major denominations: Roman Catholic, Aglipayan, Anglican, United Church and Methodist - with their respective clergies, orders, mandated organizations and church workers. These blocs are distinguished from each other

in their relationship to the government and to the people's struggle for justice and a better life.

The first bloc consists of those who have decided to be an integral part of the US Marcos dictatorship. They provide whatever religious justification the government needs and unscrupulously utilize ecclesiastical power to prevent any political involvement from the church sector. Some Archbishops and their coterie of military chaplains reportedly make the rounds of northern parishes to spy on fellow priests and church leaders. These prelates have issued memorandum after memorandum to their clergy forbidding them to involve themselves in politics and human rights movements.

When asked to intervene in the case of Pangasinan political detainee Adelina Estrada, a member of the Archdiocesan social action center, church official allegedly replied he would have nothing to do with her and her companions. He said that they *should* suffer the consequences of their subversive activities. The priest's remark has prejudiced the case *sub judice* of the seven detainees of Pangasinan. Some church people are now reluctant to lend any moral support as a result.

The church official scandalized his own priests, however. Adelina had been conscientized by them, she had attended a number of Biblical theological seminars they sponsored, and she obeyed when the social action center assigned her to work among the fisherfolk. She was a genuine church worker, and her superior was disowning her! Would the priest treat his priests in a similar predicament?

A scandal in Ilocos Sur occurred when an archbishop reportedly refused funeral services at the Vigan Cathedral for Fr. Zacharias Agatep. This priest, former social action director, had joined the NPA and died in an encounter with government troops in Salcedo in 1982. Fellow priests nonetheless gave him a funeral worthy of a minister of God in the seminary chapel.

The second bloc of church people are called reactionaries by progressives, and ultra conservatives by the government. They are rabid anti-communists, notwithstanding the call to dialogue with all non-Christians by Vatican Council II. Predictably they assume a dogmatic stance on Christian orthodoxy.

This group is at present dominant in the church sector because, for one, its members are conduits of the government policies; and for another, its members have effective control over leadership bodies and policy making assemblies. Its influence over the different constituencies is pervasive. Reactionaries express dread fear of the open protest movement and the advances of the armed struggle.

The third bloc of reformists are probably the most numerous among church people at this stage of the Philippine social crisis. These do not advocate radical change of the social system. They are, however, against the continued rule of Mr. Marcos and denounce rampant violation of human rights by the military establishment. For various reasons they are anti-communist and easy prey to the regime's Red-scare tactics. Reformists advocate the line of active non-violence and reconciliation, although they may be open to militant action and the use of violence under certain conditions.

Reformists have been supportive of the demands of peasants and workers that are generally regarded with suspicion by the conservative sectors of society. They are also supportive of many aspects of the open protest movement. They monitor the development of political consciousness among the masses and study the growth of organized people's power. All this, coupled with disillusionment over failed government programs, has the positive effect of defining the limits of the reformist option and opening other choices.

Well known reformists for the moment are Bishops Edmundo Abaya and Salvador Lazo of Ilocos Norte and La Union respectively, Archbishop Teofilo Domingo of Cagayan and Bishop Emiliano Madangeng of the mountain provinces. They have been singularly active in the human rights movement in their respective dioceses.

Lately, the regime exposed its violent nature to Bishop Abaya. When his social action director Fr. Ted Remigio was detained on subversion charges, Bishop Abaya requested his clergy to refrain from demonstrations, saying he would try to reach an amicable settlement with the provincial commander. Tired of getting the run-around from Col. Rogelio Agrana and the generals, the exasperated prelate

declared: "No release (of Ted), no reconciliation." Fr. Ted is still in prison with several of his church workers.

The progressives constitute the fourth bloc of church people. Some examples easily come up: Bishop Miguel Purugganan of Isabela and Anglican Bishop Richard Abellon of the Cordillera provinces, the basic Christian communities under militarization, church-sponsored human rights organizations, and so on.

The progressives are advocates of people's democratic rights. A significant characteristic of their politics is its anti-imperialist bias. In their view, communism is by no means the basic problem of Philippine society. The US and the Marcos dictatorship are regarded as the basic causes of our shattered economy, political instability and cultural stagnation.

The progressives respect the revolutionary option though they may not take this themselves. They avoid the self-righteous position that declares non-violence as the only possible Christian option. The violent nature of US imperialism and the violation of human rights by the state, they say, open Christians to other choices. The Bible and church documents may confirm radical positions.

Lastly, there are the radicals or revolutionaries, the likes of Fathers Conrado Balweg and Bruno Ortega, and members of the Christians for National Liberation.

It is difficult to determine how many belong to what group. A church denomination in a non-official survey believes that of its membership 2.1% is pro-regime, 1% reactionary, 37.9% reformist, 35.8% progressive, 19% radical and 4.2% unclassified. There were no progressives in 1977.

Pro-Marcos and ultra conservative church people are few but very influential and powerful in officialdom. Progressives and radicals are likewise few in number but they are increasing. Harassment of this bloc by military authorities is perhaps an indicator of its growth and influence. In major urban centers like Baguio City, the AFP has launched "Operation Blue Lizard" where professionals and church people are put under surveillance, intimidated and harassed. It is also a warning to all Christians to remain at least neutral in their politics.

It is the reformist elements who are especially courted by the government because many are turning progressive from their ranks. Then too it has been fairly easy for the government to please them through certain concessions in social reform -- local elections or repeal of portions of the National Service Law or investigation into some cases of military abuses. The key tactic to neutralize the reformist bloc, however, is to crush the movement for justice of peasants and workers whose political strength is the ultimate drawing factor for the uncommitted or the vacillating.

Progressives are quick to warn their fellow Christians of the opportunism of the Christians, they say, should realize that to be content with reforms and to close the door to other options as worthy of the faith is to prescribe mass suicide under conditions of escalating military violence. It is to condemn the people to starvation and degradation under the US-Marcos dictatorship.

The government will try to deny the people's movement the resources to faith and institution. It will brand anti-dictatorship forces with names as "renegades," "rebels," "unchristian," and such, to lay an exclusive claim to Church support.

In northern Luzon, the people already have progressive Bishops, priests, ministers and church workers. There is a church that gives them the comfort of word and sacrament in their rallies and demonstrations. A stalemate has been reached with the emergence of a "rival" church, and the recourse of the government, it seems, is to persecute it.

/12851

CSO: 4200/179

PHILIPPINES

ARTICLE ON CONVERSION OF SLAIN REBEL PRIEST

Quezon City ANG PAHAYAGANG MALAYA SUNDAY in English 13 Oct 85 p 13

[Text]

FOR those who knew Fr. Nilo Valerio, his transformation from a reserved and easy going seminarian into a rebel priest hunted by the military was not surprising.

Fresh out of Divine Word minor seminary, the formation house of the SVD in Quezon City where he spent six years of uneventful and undisturbed solace, he moved on to the Divine Word major seminary in Tagaytay in 1968. Here Fr. Nilo's transformation began. From a reserved seminarian, he evolved into an outspoken and inquisitive critic of the general indifference of religious people to the burning social issues confronting Philippine society.

To put flesh to his missionary calling "to serve the least of his brethren," Fr. Nilo immersed himself in the social action apostolate. On free days, he was often out of the seminary, travelling to nearby barrios to learn, listen and share his knowledge and experiences with the peasants.

During vacations, he never hesitated to be assigned to distant SVD parishes to assist in education and organizing work among the farmers.

This constant closeness to the poor was maintained, and strengthened throughout his seminary days in Tagaytay and during the brief days of priestly life and service to the people of Abra.

In 1975, at 25, he was ordained as a priest of the society of the Divine Word. A year later, he was assigned as assistant parish priest of the Sacred Heart parish in Lacub, Abra, which covers the three remote municipalities of Lacub, Ting and Licuan, home for the Binongan and Adasen Tingguians.

Fr. Nilo visited all the barrios within his parochial jurisdiction, either on horseback or on foot through eight hours of rugged mountain terrain.

When not making the rounds of barrios, the young priest helped in the administration of the elementary and high schools in Lacub. He also saw to the various need of his parishioners and church personnel, and supervised such social action projects as rural cooperatives, a food production experiment, and a ricemill.

By 1977, he was deemed by his superiors ready to take greater responsibilities as a full-fledged parish priest.

At this time, the issue of Cellophil Inc., and the militarization that accompanied its entry in upland Abra, was becoming a raging concern. Financed by a consortium of foreign bankers, the Marcos Administration and the powerful Parbero group of Abra, Cellophil Resources Corp. was granted a license to operate a logging concession of 200,000 hectares in the provinces of Abra, Kalinga-Apayao, Mt. Province, Ilocos Norte and Ilocos Sur. Cellophil threatened the lives and the ancestral land of Tingguians in Abra, including the municipalities where Fr. Nilo was the parish priest.

Fr. Nilo openly supported the Tingguian's struggle against the corporate giant. He encouraged his parishioners to use all legal channels to fight for their rights. Delegations and petitions were sent to all concerned agencies and sympathetic groups in Manila. Even as the government responded by intensifying military activities in the area, Fr. Nilo never wavered in the belief that the people would eventually win.

It was just a matter of time before company officials, the local government and the military took notice of the young priest's anti-Cellophil activism. The military ordered his church activities, even sermons, monitored. After much prodding from his superiors and confreres, he sought temporary refuge in Manila, bidding goodbye to the upland people whom he had learned to love so much.

While in Manila, colleagues remember Fr. Nilo torn by a deep internal crisis. He deeply reflected his life as a priest, and as a Christian in the face of the country's social ills. After lengthy, painful and deep soul searching, and discussions with close confreres and friends, he made the hardest decision of his life -- a decision which would later culminate in the fulfillment of Christ's call "to lay down one's life for his flock.

(Fr. Nilo was killed in an alleged encounter last August 24 in sitio Beyeang, Bukun, Benguet. Eyewitnesses report that Fr. Nilo and two others were beheaded to terrorize the barrio people. Their bodies have not yet been found).

/12851
CSO: 4200/179

PHILIPPINES

WEEKLY CHILDRENS' FEATURE POLITICIZED

Quezon City ANG PAHAYAGANG MALAYA SUNDAY in English 13 Oct 85 p 15

[Feature "Hey Kids"]

THIS is your page. Show us your artistic talent. We are interested in your artworks, doodles, original puzzles and all sorts of fun things. But please, use plain white paper; not newsprint, which is yellowish, or pad paper, which has lines.

Don't forget to give us your full name, age and address. You may also include your parents' names and, if you are a student, your school's. Let's be creative.

THE FILIPINO
PEOPLE OF
TODAY.

ECONOMIC PROBLEM?
OPPRESSION?
POVERTY?

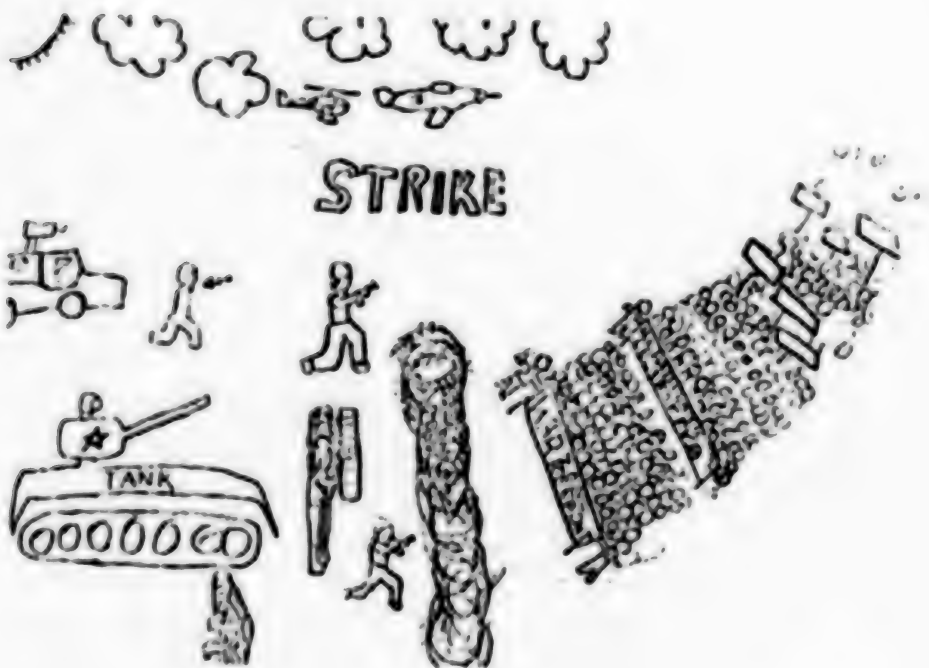


NAME: JHEN A. GRITA
AGE: 18 YEARS OLD
STUDENT, DUTRA
ADDRESS: MARIKINA, PHILIPPINES

Justice for All the Victims of Militarization



NAME: BENIGNO AQUINO
AGE: 11 years old
ADDRESS: P.O. Box 51 R.C.
CITY: P.O. Box 51 R.C.



PR. Nils: Ann M. Casimillo
 Age: 11
 Father: Gil Casimillo
 Mother: Charlie Casimillo
 Address: Townsite, Makao
 Makao, Baguio Province

Need any help??



/12851
 CSO: 4200/179

PHILIPPINES

PROFILE OF MILITANT UNIONISM IN NORTHERN LUZON

Quezon City ANG PAHAYAGANG MALAYA SUNDAY in English 13 Oct 85 p 11

[Article by Annabelle S. Cueva: "Militant Unionism Is Alive and Well In Iiolandia"]

[Text]

Industrial workers make up a rather small part of Northern Luzon's active labor force, and an even smaller portion of these are organized into trade unions. In fact, workers engaged in manufacturing and in the production process comprise only about 10 per cent of Northern Luzon's employable population, while only 7 per cent of these are organized into labor unions.

Industrial establishments in Northern Luzon are concentrated mainly in the Ilocos region, particularly in the cities of Baguio and Dagupan. Most of the unions are affiliated with the Trade Union Congress of the Philippines (TUCP). However, the militant Kilusang Mayo Uno (KMU) now seems to be finally catching up in this area.

The KMU's first major organizing breakthrough in the region was in 1978 when the National Federation of Labor Unions (NAFLU) dislodged the TUCP's Philippine Association of Free Labor Unions (PAFLU) in certification elections held among the more than 7,000 mineworkers of Benguet Corporation. Today, even the KMU's Association of Democratic Organization (ADO) appears to be gaining some ground in its unionizing efforts in the region.

ADO's area of concentration is apparently in the Baguio City Export Processing Zone (BCEPZ) where at present no union exists. Already, ADO has been able to develop various levels of contact with workers at the Arax Asia Phils. Corp.

(AAPC), Capitol Artificial Flowers and Foliage Corp. (CAFFCO), Adriate and Fitzpatrick, Texas Instruments, and Commonwealth Garments Manufacturing Phil., Inc. (COMPH), all at the BCEPZ. Outside of this, ADO's other efforts in organizing scored an initial success when it was able to organize the BENECCO Workers Labor Union (BWLU) at the Benguet Electric Cooperative, which in fact is now threatening to strike.

These initial victories of the KMU and its so-called call for "genuine unionism" appear to have been made amidst the apparent increase in the number of strikes in the region, following the lifting of martial law in 1981. The first recorded strike in the region since the declaration of martial rule was staged by workers of Benguet Corp., newly organized then under the Baro a Tinbuyog ti Mangmangged ti Benguet (BT-MB) affiliated with the NAFLU, and which struck for three days in 1981 over a deadlock in collective bargaining agreement (CBA) negotiations. The Benguet management subsequently gave in to their demands.

Since then, notices of strike rose steadily in number and several more strikes were staged both by unionized and non-unionized workers. In 1982, and 1983, four strikes were recorded in each year, while last year at least six companies were hit by strikes affecting some 1,000 workers. As of the first quarter this year, at least three more strikes were known

to have already occurred including that waged recently by workers at Commonwealth Garments for six weeks, the first strike ever recorded at the BCEPZ.

These strikes centered mostly on demands for higher wages and better working conditions, for union recognition and against arbitrary terminations. Workers in Region I (Ilocos Region) were particularly hit by the economic crisis last year, when some 12,323 were laid off, including those affected by shutdowns and retrenchment programs carried out by major companies as the Lepanto Consolidated Mining Co., Cellophil Resources Corp., Texas Instruments and ASHRAM.

On the other hand, six notices of strike last year were directly related to CBA negotiations. In fact, beginning with the first quarter of 1984, up to 10,500 workers were already involved in heated CBA negotiations and by the end of the year, six new CBA's were finally concluded.

Other highlights of the labor movement in this particular region since last year include the several months-long picketing by displaced workers of Black Mountain, Inc. mining firm which closed down in 1984.

This particular protest action is said to be the longest recorded in the region calling for separation pay, backwages and job security which eventually the mine workers were able to negotiate from BM's new owners, Benguet Exploration.

Also notable is the joint picket staged by some 50 workers from Benguet Corp. and the Hyatt Terraces. They were also protesting bureaucratic red tape at the MOLE regional office which continued to delay CBA negotiations in both firms. Eventually, both unions were able to conclude their respective CBA's -- with Benguet workers, through the BTMB-NAFLU, successfully negotiating for an P11 daily wage increase for three years non-chargeable to future mandatory wage increases aside from other benefits, and the Hyatt Terraces Baguio Employees Union (HTBEU) also getting a total P18 daily wage increase for three years.

Workers in the other factories, particularly at the BCEPZ are becoming increasingly restive. At Texas Instruments, for instance, at least 342 workers were already laid off since November 1984 and at about the same time, management filed at the MOLE its petition for the reduction

of workdays from six to five. However, in May and June of this year, each worker was reportedly forced by the TI management to take a one-week leave for each month, even as it asked some of them to continue working during Saturdays without overtime pay after workdays were supposedly reduced to five since November.

At the Commonwealth Garments, in BCEPZ too, 150 workers were summarily dismissed by management for leading the recent strike that paralyzed the company's operations last March. Workers in this firm, which makes embroidered blouses for export and is owned by a Korean -- say that they are regularly forced to do overtime for four hours daily, and even up to 24 hours straight within two days at least before shipment date. The MOLE was reported to have warned the Korean owner of CGMP because of this, but the workers claim that Kim nonetheless has continued his abuses.

Apart from this, its workers are generally paid a basic minimum of P20 daily. Furthermore, only 100 workers here are considered permanent while some 180 remain as contractuels, all working six days a week with a quota so high that they have to bring work to their homes.

In Arax Asia Plula, Corp. (AAXC), a German-owned company located also at the BCEPZ, only 50 out of the nearly 300 workers are permanently employed, receiving a basic minimum of only P27 daily plus a daily allowance of P17. As in the other BCEPZ companies, workers here work through the whole week making music modules, novelty toys, and greeting cards and are also compelled to render work overtime for five hours on regular days and for seven hours during Sundays.

Twice this year, during the recent May Day celebration and the third anniversary of the 1982 labor crackdown last August 13, hundreds of workers in Baguio City and surrounding mining sites marched around the city and held a symposium rally in response to the KMU's call for nationwide protest actions.

This may seem unimpressive compared to the thousands-strong workers demonstrations in the other regions. However, to workers in the region, it is a good start toward exercising their right to organize and to struggle -- and thus in their own way contribute to the over-all advancement of the working class movement as a whole.

2 December 1985

PHILIPPINES

MODERN INTERNATIONAL PORT OPENED IN CEBU

HK3111100 Manila BULLETIN TODAY in English 30 Oct 85 p 30

[Text] The central Philippine seaport of Cebu, 560 kilometers south of Manila, this week threw open its multi-million peso modern international port to foreign shipping.

Covering about 700 meters of Cebu's 5.5-kilometer marginal wharf, the Cebu International Port (CIP) can be among the most modern and finest international ports not only in the Philippines but also of Southeast Asia, according to the Philippine Ports Authority (PPA).

Along the northern end of the Cebu harbor, the newly-finished international port is equipped with two rail-mounted 25 and 30-ton capacity cranes to handle cargoes.

Cargoes can be stockpiled, loaded and unloaded within a six-hectare marshalling yard and a container terminal with a capacity of around 10,000 tons and a 1.5-hectare backup area.

Cebu port manager Antonio Elumer Jr said with the opening of the port, Cebu is expected to be alive again with ocean-shipping that may double up next year.

The 700-meter long international port, he said, can accommodate five average-sized ocean-going ships and three giant ships at a time.

It will definitely increase the average number of 30 foreign ships dropping anchor at the central Philippine seaport monthly, he said.

According to Cebu customs authorities, the port handled more than \$350-million worth of export and import cargoes in 1984.

Constructed out of a P372-million (\$20-million) Cebu port development fund secured from the World Bank, the international port development involved the dredging of 729,000 cubic meters of soil to provide a 9.5-meter deep water access to foreign ships entering the harbor.

An old quay was rehabilitated and a 20 by 695 meter new quay was built, with rubber dock fenders and a depth of 9.5 meters alongside, project engineers said.

A total of 23 steel electric posts on high mast towers, each lighted by eight one-kilowatt bulbs had been set up to light its more than six-hectare cargo marshalling and container yards.

Cargo-handling will be undertaken by the National Stevedoring and Litterage Corp., said to be the country's most-treasured and most modern stevedoring and lighterage company.

In terms of facilities, port authority officials said, the central Philippine seaport of Cebu's superiority is now beyond question. Strategically located in the center of the archipelago and with the decisive advantage of being shielded against the fury of seasonal typhoons, the port can serve as an ideal transshipment point for foreign cargo destined for the Visayas and Mindanao.

The volume of vessels dropping anchor at the port decreased only lately obviously due to the port's inadequate facilities but it will now pick up with the opening of the new international port, port officials said.

The new international port was publicly presented to shipping executives and international traders in simple ceremonies last week.

It can now take in foreign ships but will be formally turned over to the Philippine Ports Authority (PPA) by project officials in the middle of next month when it will then formally be inaugurated, Cebu ports manager Elumer said.

/9604

CSO: 4200/195

PHILIPPINES

GOVERNMENT NOT ENFORCING GOLD MINING BAN

HK311323 Hong Kong AFP in English 1301 GMT 31 Oct 85

[Excerpt] Davao, Philippines, 31 Oct (AFP)--Twenty-five decomposing corpses have been found close to a mining site near this southern city, bringing the official death toll in landslides that hit two "gold rush" areas to 130, the government said today. The 25 bodies were found yesterday floating at a water impounding dam of the Apex Mining Corp., which operates a mine near Monkayo Town, close to the site of an avalanche 21 October in which 56 people earlier had been confirmed killed.

The government's Office of Media Affairs said in a statement that the landslide could have carried the victims to the bottom of the pond.

Forty-nine other corpses have been recovered from a mining site near Pantukan Town east of here which was hit by another mud and rock avalanche Sunday, rescue officials said. They said the victims included miners digging makeshift tunnels at mountainsides of Davao Del Norte Province, and panners at streams near the gold-rich mountains.

(In Manila, a spokesman for the Natural Resources Ministry said prospectors continued mining and panning in three sites today despite a total ban imposed by President Ferdinand Marcos on the province after the landslides.)

(Spokesman Rey Rivera told AGENCE FRANCE-PRESSE they were cordoning off "critical areas" and relocating residents to safer grounds, but that "in some areas which we have determined to be stable, we leave them alone.")

Bureau of Mines Director Juanito Fernandez who flew in to Davao today to implement the presidential order, told reporters: "We do not intend to close down full-scale gold mining in the Davao area because the livelihood of 80,000 people will be adversely affected."

A tribesman's chance find of a rich gold vein in one of the areas in late 1982 triggered a gold rush by tens of thousands of people from all over the country the following year.

Mr Fernandez said a total ban would also affect gold sales to the Central Bank, which gets 300 kilograms (660 pounds) of the metal worth 60 million pesos (three million dollars) a month on the three areas.

/9604
CSO: 4200/195

PHILIPPINES

COLUMNIST URGES PRIVATIZATION OF AIRLINES

HK011113 Manila BULLETIN TODAY in English 31 Oct 85 p 25

[Column by Rodolfo V. Romero: "PAL Should Be First To Be Privatized"]

[Text] Speaking a few days ago about the budget deficit, the President of the Philippines said that one of the principal means for lowering the government budgetary deficit was the sale of the assets of government-owned business enterprises and that the assets of profitable government corporations should be among those to be put up for sale. No truer words were said by the chief executive.

It makes little sense for the government to reduce its spending, raise its revenues and do other things of a deflationary nature without doing anything about converting its physical assets into spendable resources. Not to think about selling corporate assets at a time of cash-flow tightness is financial management of a very bad sort. These statements are particularly applicable to the government of this country, which in the postwar period--and particularly in the last two decades--has gone headlong into entrepreneurship.

Unfortunately, however, periods of economic crisis are not the best times for disposing of assets, and the present, when the demand for most things is down and expectations are poor, is no exception. The prospects for sales at good prices become worse when the assets being put up for sale are those of corporations that have long ceased to be financially viable. This thought has relevance for the government plan articulated by President Marcos.

The fact of the matter is that not many of the 300-odd government corporations have assets that are attractive in today's business climate to people with investible funds. More to the point, very few would be snapped up by the private sector if placed on sale. The explanation for this state of affairs is made up of many parts; one of these unquestionably is the belief to which our government over the years has become so prone, that creating a corporate subsidiary will take care of the problems associated with a particular governmental activity. And so, year after year government lawyers have brought about the incorporation of one corporation after another. The champion in this respect is the National

Development Company, now a member of the Ministry of Trade and Industry family, which has just placed a 34th subsidiary under its extensive wing.

From all this it follows that the best strategy for the government to follow--assuming, as I do, that the chief executive meant what he said--is one that calls for the sale, first, of the most financially viable public corporations. Not only will they be the easiest to sell, but they also are the ones likely to be sold at remunerative prices.

Looking down the list of government corporations that are financially viable government corporations, the one that catches attention most quickly is the national airline. Philippine Airlines [PAL] is easily the prize item in the list, and the leaders of the investment banking industry in this country must have developed watery mouths at the very thought of having a piece of a PAL-sale action. Apart from its fairly sound financial condition--a tribute, surely, to the management skills of Roman A. Cruz Jr. and his staff--PAL stock would be attractive to domestic investors for its monopolistic position and the fact that a large number of people in this country have a stake in the PAL's continued viability.

The choice of PAL for the lead item of a corporate-assets disposal program would be sound from a strategic point of view. The sale of the first company has to be a success if the program is to be viable; were it otherwise, there would be a loss of interest on the part of the investing public, which would become inclined to believe that the government was prepared to sell only the worst apples in the bag. Here the government can take a lesson from the privatization program of the British Government. The first company that the Thatcher administration put up for sale was nothing less than its most profitable corporation, British Telecom. It goes without saying that the sale was a sellout, with the British merchant banking industry the recipient of a small fortune in underwriting fees.

I will end this plug for the privatization of our national flag carrier with a strong word of caution. Let the prospectus covering the sales of PAL shares state in the most unequivocal terms that a privatized PAL will not be managed along the lines of the Toda regime. There must be no management fees paid to a Rubicon-type entity for running the airline. A privately owned PAL must be operated primarily for the benefit of the nation, not for that of the group that will have the largest shareholding in the company.

/9604

CSO: 4200/195

SINGAPORE

PAP CONSIDERING KEY CHANGES IN ELECTION PROCESS

HK020428 Hong Kong AFP in English 0224 GMT 2 Nov 85

[Report by John Thomas]

[Text] Singapore, 2 Nov (AFP)--Singapore's ruling party appears to be considering key changes in its election process in a bid to shore up its political flanks while preparing a new generation of leaders, analysts here said.

Prime Minister Lee Kuan Yew and his senior deputy Goh Chok Tong have both urged reforms, with Mr Lee suggesting an end to the principle of one man, one vote, and Mr Goh asserting the need for "quality control" of candidates.

Political analysts said the calls stemmed from fears, fueled by the results of December's parliamentary polls, that the free elections which have kept the People's Action Party (PAP) in power for 25 years could some day be its undoing.

New general elections are not expected before 1988, but the prime minister has indicated plans to ease out some party elders through by-elections next year. He is also grooming a new crop of leaders, including his elder son, Brigadier General Lee Hsien Loong.

Political and diplomatic analysts said the PAP, which easily commands the two-thirds majority needed for constitutional amendments, faced the question of how to regulate the electoral process without drawing flak here and abroad.

The approach discussed this week by Mr Goh, who questioned the wisdom of allowing people with "unsound" ideas to stand for parliament, is less likely to attract hostile reaction than Mr Lee's idea of an end to the one man, one vote idea, analysts said.

But Mr Goh's goal, they added, is the same as that of Mr Lee, who suggested an end to the one-man one-vote system after the PAP lost two of 79 seats and suffered a 12.5 percent erosion in votes in December.

Mr Lee has not specified what he had in mind, but the cabinet is said to be studying the issue despite the opposition of some ministers to abandoning universal adult suffrage.

"Mr Goh is for a vote for all," one analyst said. "In proposing to limit the electorate's choice of candidates he is trying to achieve Mr Lee's aim of making it safer for PAP candidates, but without appearing to load the dice through selective or preferential voting rights."

The suggestion has, however, met with only qualified approval from the city state's only English-language general daily, the STRAITS TIMES, which rarely steps out of the official line. "While the current requirements poll obviously need to be stricter, reforming the system is not so straightforward. Any change should not have the effect, no matter how unintended, of eroding the democratic principle of free and open competition," the daily said in an editorial on Tuesday.

It agreed with Mr Goh that accountants, military officers and taxi drivers faced stricter requirements for the job than election candidates, but said that the people had a constitutional right to participate in politics and stand for election.

Singapore's lone economic daily, the BUSINESS TIMES, followed on Wednesday with an expression of concern about translation of Mr Goh's plan into policy. "The possibility of having scallywags and shysters in parliament remains a theoretical weakness of the democratic system, not a real danger," it said in an editorial.

"Weaknesses there will always be in any system of government. But these weaknesses might be better left intact if changes tend to limit choice and restrict participation in the democratic processes."

Mr Goh, who is officially slated for promotion on Mr Lee's planned retirement in 1988, laid out his ideas on candidate "quality-control" in the PAP party organ PETIR, but he did not spell out a remedy. "The opportunity for almost anyone to stand for election to parliament is a pillar of the democratic system. In my view, the ease whereby anyone can become a leader of the land is also its major weakness," he said.

With PAP's declared bias for leaders of high academic and professional standing and its much-publicized selection of candidates through interviews with a psychiatrist and other people, it was apparent Mr Goh was aiming at opposition aspirants.

Political analysts said that merely requiring academic credentials for candidates and extending blanket strictures on those convicted in court would put off several opposition candidates seen at the last election.

Most oppositionists, they said, had no university degree. The leading opposition member of parliament, Benjamin Jeyaretnam, passes academic muster as a barrister, but could have been out of the fray with his conviction for filing a false declaration. His appeal is pending.

The fact that in the December elections two members of the opposition won seats for the first time since independence in 1965, and that several sitting MP's were returned with fewer votes, has heightened the PAP's concern for self-preservation, analysts said.

Mr Lee, who saw Singapore through limited self-rule from Britain in 1959 and the painful separation from Malaysia to full independence in 1965, wants to avoid another PAP election loss which could affect his succession plans, they said.

/9604

CSO: 4200/192

THAILAND

ATHIT AIDES REFUTE STORIES ON ATHIT IN SWEDEN, SEE SMEAR TRY

Bangkok CHAT ATHIPATAI in Thai 12-18 Oct 85 pp 12-15

[Article: "The Foul Situation in Sweden Involving Gen Athit Kamlangek"]

[Text] The stories that appeared in the Swedish newspaper EXPRESSEN and THE SUNDAY TIMES in Singapore and the teletype story by Mr Roy S. Carsson in Stockholm, which has been copied and distributed in the form of leaflets, are being investigated by military intelligence officials in order to determine who is behind this movement to spread rumors damaging to Gen Athit Kamlangek. This has been linked to people abroad, particularly in Sweden, the place where this plan was formulated. Those newspaper stories and the telex were sensational stories aimed at ruining the reputation of the supreme commander and RTA CINC.

"No lawsuit will be filed since there are so many problems. But various measures are now being taken in order to correct this story. Once things have been cleared up, public relations activities will be carried on to inform the people," said an officer close to Gen Athit to CHAT ATHIPATAI.

The person who has been entrusted with the task of taking action on this is Maj Gen Kamong Udomsin, the secretary of Supreme Command Headquarters.

Detailed Account of What Happened in Sweden

"On 8 September, our party, which included officers accompanying Gen Athit and board members of the Telephone Organization of Thailand, toured Stockholm. We visited the Stockholm government building. In the early evening, we rode around the city in a car for about 2 hours before returning to our hotel around 1700 hours," said one of those who had accompanied Gen Athit about the events in Sweden that night.

After that, the eight members of Gen Athit's party and the two Swedish officials accompanying them had dinner at a Japanese restaurant next to the hotel.

"We had dinner and returned to the hotel around 2100 hours. No matter where he is, Gen Athit almost always retires to his room about that time. If he is not really tired, he calls Bangkok in order to ask about various things and give orders to senior officers. But that night, he went straight to bed. He did not do any of the things reported in those terrible stories."

The Swedish newspaper charged that call-girls working for a madam named Carina were asked to come to Gen Athit's room.

"Some of the officers accompanying Gen Athit did in fact request the services of some call-girls. But no one knows if they were working for the Carina call-girl service. And Gen Athit was not involved in this in any way. He was in his room. Those who had called the girls were waiting in the lobby. I can assure you that none of us would have dared to involve him. Normally, regardless of whether we are in Australia, the United States, Kuala Lumpur or Indonesia, when it gets late, we take him to his room and then we go out on our own," said an officer who was there.

However, when the call-girls arrived at the hotel, it was observed that strangers were snooping around. After contacting Swedish officials and Thais living in Sweden, it was learned that those people were newspaper reporters.

"After we learned that they were reporters, we didn't think that we would be able to enjoy ourselves and so we let the girls go. We all went to our rooms and went to bed. That was about 2200 hours," said one of those who had been ready to use the services of a Swedish call-girl.

Midnight, a Telephone Call About the Coup

Around midnight, Col Winai Phatthiyakun received a telephone call from his wife in Bangkok to tell him about the coup d'etat. After confirming this with Col Montri Thipwathi, an aide to Gen Athit who was in Bangkok, Col Winai went and knocked on the door of Room 417, the room of the secretary which led to Room 416, Gen Athit's room, in order to inform him.

When he went into Room 416, he found Gen Athit talking on the telephone to a Swedish reporter, who was asking whether it was true that Gen Athit had a call-girl in his room. Gen Athit was still very sleepy and so Col Winai took the telephone from him. He asked the reporter what he wanted. The reporter asked whether Gen Athit was the guest of the Ericsson Company. Col Winai replied that Gen Athit was the guest of the Swedish Telecommunications Organization and the Swedish commander.

The reporter also asked who was paying for this trip. Col Winai said that the Thai government was. The reporter then asked whether there was a call-girl in Gen Athit's room. Col Winai retorted that that was not a proper question to ask a guest. He said that if he wanted to ask any more questions, he should do so in the morning and that he should not ask any more questions like that. He then hung up the telephone.

"Later on, it was learned that Gen Athit had answered several questions. And I am not embarrassed to say that he does not speak English very well. Also, this

was a Swedish man who was speaking English. When he was asked whether he was a guest of the Ericsson Company, he probably heard the name Ericsson and said "yes." And he may have said "yes" again when asked whether he had a prostitute in his room. He probably said, "I very very tired. I am sleeping." The reporter took this and wrote that Gen Athit had admitted having a prostitute in his room. When asked about the Ericsson man who had contacted him, he replied, "I can't remember." From this, the reporter wrote that Gen Athit could not remember which man from the Ericsson Company had given him money."

No Girl Stayed With Him That Night

After hanging up the telephone on the Swedish reporter, Col Winai immediately telephoned Col Montri in Bangkok for Gen Athit in order to check on the situation. During that time, the other members of the party accompanying him received word of what was happening in Bangkok and came to his room.

"All those who went to his room, including the director of the Telephone Organization, can attest to the fact that there was no girl in his room. I can assure you that no girl slept with him that night."

At 0600 hours the next morning, a reporter from this newspaper waited in front of the hotel to interview Gen Athit. But because he was angry with the reporter for having awakened him at midnight, he refused to talk with the reporter.

"You can tell that this is a fabrication from the fact that the story said that one of their reporters had disguised herself and participated in this. The story said that Gen Athit's secretary had gone downstairs to bring the prostitute to Room 416, Gen Athit's room. But that door had been locked. If that reporter actually saw the things reported in the newspaper, she would have had to pass through Room 417 before entering Room 416."

Agent Placed in the Hotel in Preparation

The officers who accompanied him on this trip believe that this was definitely planned in advance. Someone had planted a spy at the Sheraton Hotel to find out his room and telephone number. And so the reporter was able to call his room directly in the middle of the night. Because normally, the operator will not connect a call to the room of a VIP guest.

Besides this, this story reached Thailand very quickly. Expressen published the story in its afternoon edition on 9 September. On 10 September, it was xeroxed. And on 11 September, these leaflets appeared in Bangkok.

"We have to find out who was in back of this. To find the link to Sweden, we have to find out who was behind this in Thailand," said an officer close to Gen Athit. He said that there are two points that show that this story was a lie:

First is the matter of going to Room 416 even though they would have had to pass through Room 417 first. Second is the matter of twisting the answers given by Gen Athit, whose understanding of English spoken with a Swedish

accent is very limited. "If that really happened, why didn't they reveal the identity of the girl who supposedly spent the night with him and take pictures? Why didn't they interview the girl on what took place in Gen Athit's room if that really happened?"

Definitely a Political Matter, But Have to Wait for the Results of the Investigation Conducted by Swedish Police

"It's unlikely that this involved trade matters. It's thought that someone wanted to ruin him for political reasons," said an officer close to Gen Athit.

"The Swedish police are now investigating this matter. They will probably find out what happened. There will probably be an official retraction of this story. At present, they are investigating this call-girl service, which is illegal there, and they are trying to determine who was behind this story, which has affected relations between the two countries."

As for the Thai military, the secretary of Supreme Command Headquarters has been ordered to find out what can be done in order to obtain an official retraction of this story. No lawsuit will be filed at this time since this would probably cause many problems involving the Telecommunications Organization and the Ericsson Company. Also, many other matters must be investigated.

"This will be a stain on him for a long time. I am very upset about this. This hurts since it is not the truth. Personally, if it was necessary for me to admit that I had slept with a prostitute that night, I would do so," said an aide to Gen Athit.

The Telex From Sweden, More Leaflets

Articles written by Mr Roy S. Carsson in Stockholm and published on 9 and 10 September were translated and published in leaflet form and disseminated here. This is another wave of sensational leaflets.

This document cites EXPRESSEN as the source of this story and says that a reporter by the name of Robert Asbruck wrote this story in conjunction with a female reporter named Susanne Pettersson, the person who wrote the headline, "I Was Offered 1,500 kroner (\$180) to Have Sex With a Thai General," and who mentioned "kinky sex."

EXPRESSEN claimed that it had used three reporters and two photographers to obtain this story. It said that the Thai officers had asked a representative of the Ericsson Company to provide prostitutes for 15 men. The newspaper said that after the Thai general was informed of the coup in Thailand, he paid 10 of the prostitutes and the pimp. Madam Carina claimed that she had been hired by a Swedish export company and said that there was nothing unusual about this.

Robert Asbruck was the man who called Gen Athit at midnight. He claims that Gen Athit told him that the girls were a "present" from the Ericsson Company.

This news report also claimed that Mr Nikon Phraisaengphet, the Thai ambassador to Sweden, has refused to make a statement on this. Similarly, the Thai consulate and the first and second secretaries have refused to discuss this. Swedish newspapers questioned the Ericsson Company all day Monday. It said that things became very tense between the Thai ambassador and the Swedish Ministry of Foreign Affairs.

The report stated that the Ericsson Company is now investigating the story by EXPRESSEN that the company procured prostitutes for the Thai officers.

Tom Johnstet, a reporter for EXPRESSEN, made an overseas call to Hans Viridder, Ericsson's director for Far Eastern operations in Bangkok, in order to ask him about this matter. He was told that "Gen Athit is highly respected in Thailand. Stories about him being involved in a sex scandal in Sweden could result in Ericsson Telecommunications being expelled from Thailand."

Deputy Inspector Thorsten Ingkant of the Stockholm Police Precinct said that the story published in EXPRESSEN will be investigated thoroughly.

In its 4 October 1985 issue, CHAT ATHIPATAI published an article entitled "The Movement to Destroy Gen Athit in Sweden." So many readers were interested in that article that that issue sold out very quickly. After that, there were many inquiries about this matter and so we are reprinting that article here for those readers who did not have a chance to read the article previously. Also, it is felt that this makes a good accompaniment to the article in this issue.

The Movement to Destroy Athit, a Dirty Plan in Sweden

[Text] In its 9 September morning edition, the Swedish newspaper EXPRESSEN published a story under the headline, "What Was Gen Athit Kamlangek Doing in Sweden During the Coup d'Etat in Bangkok?" This story has done great damage to the supreme commander and RTA CINC.

"At present, the Judge Advocate General's Department has been asked to determine if we can sue that newspaper. Because besides printing falsehoods, Gen Athit has been grossly insulted. And this will also have an adverse effect on the Thai military," said a high-ranking officer.

Gen Athit Kamlangek recently visited several countries, including Sweden. He received a personal invitation from the Swedish company Ericsson, which is involved in telephone business activities with the Telephone Organization of Thailand. Gen Athit is the president of this state enterprise.

An aide to Gen Athit has sent a letter to the Ericsson Company asking about its responsibility in this case since it was the one who issued a personal invitation to Gen Athit.

It was when the supreme commander and RTA CINC and his party were in Stockholm, Sweden, that the coup d'etat occurred in Thailand. The Swedish newspaper tried to tie these things together in publishing this story.

"The fact is, that evening, after having dinner and returning to the hotel, he took some medicine and went to bed. There is no truth at all in the story published by that newspaper," said a news source close to Gen Athit. He added that that evening, a woman tried to talk with officers accompanying Gen Athit. She tried to get them to call a "call-girl" service. But the officers were not interested and so they refused. It is thought that this woman played a part in fabricating this story.

The story in EXPRESSEN claimed that it sent a reporter named Susan Pettersson to gather information. Posing as a call-girl, she joined the group of call-girls working for a madam named Carina and went with them that night to entertain guests at the Sheraton Hotel.

"Gen Athit had already gone to bed by the time that woman contacted the officers. After Gen Athit was informed of the coup attempt in Bangkok, that newspaper tried to contact him and get an interview. He could not give them any information since he had just heard about this. They were still trying to get an interview at the airport just before he left," said the news source.

After that, it seems that newspapers containing this smear story were immediately distributed in Thailand. At present, military intelligence is checking into this movement to fabricate lies about Gen Athit in that country and destroy his reputation. It has been learned that certain political groups may have been involved in this.

A group of "Thai leftists" living in Sweden, which includes former student leaders, politicians and members of the Communist Party of Thailand, is one of the groups under close investigation following the publication of this dirty story. Intelligence officials have learned that some members of this group have made frequent trips to Vietnam.

This story deliberately tried to destroy the military leader of Thailand. But it is possible that it was also trying to destroy the Thai military. This would be in line with the target of certain countries that are confronting Thailand along our eastern border. Or it is possible that those behind the publication of this dirty story did this for political reasons. Perhaps they were trying to take advantage of the time right after the rebellion when rumors were being spread in an attempt to destroy the reputations of certain senior officers. These rumors charged that this and that officer was "Mong," the person behind the rebellion. This would have fit together with the fabrication of this lie.

The 15 September edition of the Singaporean newspaper THE SUNDAY TIMES published a story on this, too. Is it possible that some group is taking advantage of the present political situation and using the many political questions left in the wake of the 9 September Rebellion to destroy the reputations of certain military officers?

It seems that the targets of this movement are officers around Gen Athit, including Col Phiraphong Sapphakphisut, or Hank, and Lt Gen Phichit Kunlawanit. And now, even Gen Athit Kamlangek has become a target.

11943

CSO: 4207/35

THAILAND

POLITICAL, MILITARY DISSATISFACTION WITH SOMMAI DISCUSSED

Bangkok MATICHON SUT SAPDA in Thai 13 Oct 85 pp 11-13

[Article: "The Ogre of Suan Plu Crosses Swords With Samuri Sommai to No Avail"]

[Text] The Social Action Party and, in particular, M.R.W. Kukrit Pramot, the leader of the SAP, are very dissatisfied with Mr Sommai Huntrakun, the minister of finance. While this is not "new," the attacks are becoming much stronger. The situation can be compared to "stone testing gold." Will Mr Sommai prove to be "real gold" and will he continue to enjoy the confidence of Gen Prem Sinsulanon? The mettle of Mr Sommai Huntrakun is being tested again to the same degree as when he devalued the baht. The answer is that Mr Sommai has been able to follow his own course based on the economic policies for a long time.

The question is, What is definite? The answer can't be plucked out of the air. It must be sought in the reality of the past and the present.

Sommai Huntrakun, Loved By Few

When Mr Sommai Huntrakun became the minister of finance in the Prem government in March 1981, this was not the first time that he had held office. Actually, he once controlled this ministry during the administration of Field Marshal Thanom Kittikhachon. But his presence since March 1981 has created great dissatisfaction in political, military and even economic circles, even if he is known as a thick-skinned minister who enjoys the protection of Gen Prem.

His order prohibiting commercial bank credits from exceeding 18 percent was highly effective in controlling the establishment of small businesses and medium-sized industries. The opposition parties have used this point to attack him. It was not just people such as Col Phon Roengprasoetwit, the deputy leader of a party and the owner of a canned pineapple industry, who were furious about this. Even Gen Athit Kamlangek stated publicly that he disagreed with the decision to restrict credits.

However, when the Ministry of Finance and the Bank of Thailand devalued the baht for the second time in November 1984, Mr Sommai came under heavy attack. It isn't necessary to mention the opposition parties. Much more importantly, he came under attack from military factions that control forces.

With the approval of Gen Athit Kamlangek, the supreme commander, senior military officers from the three branches of service sent an urgent letter to Gen Prem Tinsulanon asking him to reshuffle his cabinet. They said that the people were unhappy about the sudden devaluation of the baht. Following that, Gen Athit Kamlangek came forward and strongly attacked the devaluation of the baht. He asked that the value of the baht be restored to its previous level and that the cabinet be reshuffled.

A news source in political circles stated that Gen Athit's outburst that time was not an isolated instance of dissatisfaction in military circles. Actually, those in military circles were dissatisfied with people in economic circles, particularly high-level businessmen at Bangkok Bank Ltd, exporters involved with Bangkok Bank, construction contractors involved with the military and state enterprise bankers.

At the same time, not only did the resolute action taken against certain financial institutions that were cheating the people and the resolute action, including the promulgation of the Share Act, taken against the nonformal financial system result in the collapse of some of these financial institutions, but people such as Mae Chamoy Thipso, Mr Ekkayut Anchanbut and Mrs Nokkhaeo Chaiyen had their heads "chopped off" and were prevented from expanding their operations. While these measures were applauded by the people, it was only natural that those who were profiting from these fraudulent loan activities were dissatisfied.

From this, it is clear that there was widespread dissatisfaction with Mr Sommai Huntrakun.

1. The opposition political parties felt that not only could Mr Sommai not solve the economic problems, but he was making the situation much worse for both the people and for businessmen.

2. Powerful and influential business groups felt that Mr Sommai's economic policies were restricting economic growth and generating uncertainty.

3. Powerful military groups were dissatisfied, particularly Gen Athit Kamlangek.

4. Financial institutions and nonformal financiers whose activities had collapsed as a result of the stringent economic and monetary measures taken by Mr Sommai were dissatisfied.

Sommai Is Still Hanging On Bravely

After Gen Athit Kamlangek expressed his dissatisfaction with the devaluation of the baht, political circles expressed the view that Mr Sommai's fate was definitely sealed since the views expressed by Gen Athit were held by others

as well. His statements reflected the economic views of businessmen close to him and others around him. Also, Gen Athit, as the supreme commander and RTA CINC, has great military power among regular government officials. A news source in military circles stated that the night that Gen Athit aired his views on television, military units in certain areas received orders to go on alert and wait for orders. Elements of the 4th Cavalry Battalion in Saraburi traveled to Bangkok in order to await the final order from "father." But in the end they were told that the "time has not yet come." Here, "father" refers to a colonel!

Finally, the political turmoil over the baht died down when Mr Sommai went to Japan. At that time, Gen Prem, who had been ill, was recuperating at the Phuphan Palace. And the queen said that "warriors must love music and nature and not shout."

The question of why Mr Sommai is such a "tough-skinned" minister must be considered. One thing is Mr Sommai's socio-economic position before he entered politics this time. Besides his position with the Bank of Thailand, Mr Sommai once served as the managing director of the Thai Commerce Bank and the managing director of the Thai Cement Company. These are important business and industrial units in which the Royal Assets Office holds large shares. This shows that he enjoys the confidence of the king in economic matters.

Another thing is that Mr Sommai was appointed minister of finance under the quota system. This did not involve personal relations between Mr Sommai and Gen Prem. It is believed that while he does not have any political ambitions, Mr Sommai had to become the "finance warlord" in order to help solve the nation's problems just like Gen Prem. He has taken on this responsibility for the economic survival of the country.

Mr Sommai has constantly said that he is not trying to cling to this position. Like Gen Prem, Mr Sommai has never said anything to the effect that "if you don't want me to remain in the position, just say so." But his attitude has given a clear signal to Gen Prem.

Because of these basic factors, even though the cabinet has been reshuffled several times, Mr Sommai remains the minister of finance. Even though a senior military officer like Gen Athit Kamlangek has called for his dismissal, Mr Sommai has managed to retain his position as finance minister, who is responsible for the country's financial and monetary affairs.

The Struggle Against the Social Action Party Is Becoming Fiercer

Actually, Mr Sommai and the SAP are not involved in a direct clash. But both are involved. The reason for saying that they are not involved with each other directly is that the SAP's proposals are aimed at the policies on rice and the farmers. That is, the SAP wants to guarantee rice prices for the farmers. But this concerns Mr Sommai since guaranteeing rice prices will cost several billion baht, and the Ministry of Finance is the one that will have to obtain this money. If it can't, there will be a split with the SAP.

"Why were they able to find money to purchase the F-16 aircraft but not help the farmers?" said a member of the SAP.

While the activities of the SAP are really aimed at winning votes and disassociating the SAP from the economic failures of the government, the SAP is using very interesting tactics. The SAP is using the farmers as a base for its demands, and farmers account for the great majority of the people in the country. Also, the SAP is using the government's weakest point as the focus of its activities. Because if the government does not do what the SAP has asked, the government's prestige will drop greatly.

Something that must not be forgotten is that during the 9 September rebellion, the Revolutionary Council claimed that it had launched the coup because of the country's economic crisis. Mr Sommai was definitely one of the targets. The proposal by the SAP is aimed at putting the demand of the Revolutionary Council into concrete form in order to fill a loophole of the government.

The conflict with Mr Sommai has resulted because the SAP has not acted as a member of the coalition government. Instead, it has taken the views of the opposition parties and proposed them to the government. The things proposed by the SAP are aimed at improving the image of the government so that the government can survive.

The tactic of the SAP is to forge unity with Gen Prem while isolating Mr Sommai. Stated a different way, it is willing to lose a limb or two in order to save the government.

The Immediate Food of the People, New Hopes

A news source in the SAP told MAFICHON that the leader of the SAP feels that the government should do something to give new economic hope to the people. Action should have been taken 2 months ago. But it has not been possible to get Gen Prem to take action.

If the SAP attacks the economic weaknesses of the government too strongly, the government will be the loser. Another thing is that Gen Prem may misunderstand. He may become squeamish politically and refuse to serve as prime minister. And if that happened, the political situation would grow even worse. But giving the people new economic hope is important.

However, before the SAP could take resolute action, the Revolutionary Council took action, and economic matters were the main topic of discussion. The SAP hoped that after the National Democracy Party ministers resigned, the economic cabinet would be reshuffled in order to give people new hope. But everything has followed the course set by Gen Prem.

Thus, the SAP launched a movement relying on the farmers and rice price guarantees. The SAP's attitude is that Mr Sommai is not the only person suited to be minister of finance. Rather, the SAP has said frankly that there are many other people who are just as capable as Mr Sommai Huntrakun.

The Future of Sommai Huntrakun, "I will Remain in Partnership With Prem"

Even though the SAP initially took a hardline attitude about remaining in the government, the leader of the SAP was finally willing to compromise. That is, he was not willing to "commit suicide" if he didn't get what he wanted. The decisive point in this conflict will be what is done to help the farmers. At the same time, the possibility of a cabinet reshuffle still seems rather remote. As for Mr Sommai, if he can give some assurances about helping the farmers, there would be no reason for him to have to leave the cabinet.

Something that should not be overlooked is that the strong socio-economic position of Mr Sommai is not his only strength. One of the prime minister's economic advisors told MATICHON that Mr Sommai's economic policies are in tune with the real economic situation of the country, which has been mired in problems for a long time. If stringent policies are not implemented, the possibility of a disaster and collapse will be very great.

This is the reason why Mr Sommai has been able to survive even though many people have tried to remove him from office.

11943

CSO: 4207/42

THAILAND

INDUSTRY MINISTER ON POLICY PLANS, OP'S PROJECTS

Bangkok SU ANAKHOT in Thai 3-9 Oct 85 pp 18-20

[Interview with Chirayu Isarangkun Na Ayuthaya, the new minister of industry; date and place not specified]

[Text] Because of the events of 9 September, the members of the National Democracy Party who were serving as ministers in the government decided to resign. Gen Prem Tinsulanon had to appoint someone to the position of minister of industry. The new minister of industry is Dr Chirayu Isarangkun Na Ayuthaya. What will the new direction of the Ministry of Industry be?

[Question] What will be the main emphasis of the policy of the Ministry of Industry.

[Answer] The policy will remain essentially unchanged since the government has already informed parliament of the policy. The focus is on developing industry and enabling industry to create job and revenues. We want to make things fair for both the buyers and the producers. We are committed to this policy. Much attention will be given to agricultural industries since agriculture is the heart of our country. As the person who has just stepped into this position, I do not plan to downgrade any sector. However, certain sectors will receive even greater attention than before.

I would like to stress that we recognize that because of today's economic situation, we must adjust the policies and make other adjustments based on the economic situation. There are many industries that will fail for a variety of reasons. One reason is that production costs have risen. Another is that domestic purchasing power has declined. Foreign protectionism is another reason. There are probably many reasons for these failures. In other cases, some industries may not have had problems when the economy was good but now problems have emerged. As they say, we must help them to grow stronger. Thus, I think that we will have to place greater weight on them. That is, we must support them, which will be good for the future. At present, there are several reasons for helping them. Thus, instead of trying to build new industries and expand, I think that the task of the person responsible for industry is to support the existing industries and help enable them to weather the economic crisis and survive. This is what we will focus on during this period.

[Question] It is generally feared that some of the customs laws and the adjustments that the Ministry of Finance plans to make in the tax structure will pose an obstacle to growth of industrial exports. What is your view?

[Answer] People are probably afraid because they are unsure of what will happen. But based on our understanding and on what has been said, particularly by the Ministry of Finance, the aim of revising the tax structure is to make things more equitable and to ensure that things are in line with today's policies. If the present policy is to promote exports and encourage investment in the country, changes in the tax structure will be made to support this policy, not block it. If the Ministry of Finance plans to adjust the tax structure in the near future, I am sure that it is well aware of the fact that the changes must support exports and encourage investment in the country.

As for regulations that do not support exports, I think that the director general of the Customs Department is very interested in this matter and that he has already solved many of the problems. A Joint Public-Private Committee to Solve the Economic Problems has been established. The director-general of the Customs Department is the chairman of this committee. Exporters can meet with the committee. And the director-general of the Customs Department has said that the Customs Department will do everything possible to solve the problems. I think that things will improve continually.

[Question] What about the projects talked about by the former minister, including the potash and soda ash projects?

[Answer] I would like to give you a broad picture of the potash project. Potash is a type of fertilizer. It is an element of a compound fertilizer. Thailand is the only country in this region with potash deposits. The way to develop this is to conduct surveys to determine whether there are sufficient quantities, whether mining and processing the potash somewhat for export will be worth the cost and whether the transport costs can be recovered. These surveys require the use of advanced technology and much capital. Minister Op granted concessions to two large companies, that is, the Aprico and CRA Dubawn companies. The private sector is presently trying to develop these two concessions. But he did leave one project. Before concessions were granted to the private sector, the Department of Mineral Resources conducted tests and found that there was a water problem. We must decide whether to put more money into this and decide how risky the water problem is.

Since two private companies have already been granted concessions, do we have to conduct further tests? And do we have enough money? If the answers to these questions are positive, I think that the government will proceed. But the answers to these questions must be very clear.

As for the soda ash project, we will have to monitor things constantly to see how the price of the soda ash produced compares to that for natural ash, which is a naturally-occurring product found in Africa. There is also the matter of raw materials (rock salt). Besides this, there are other technical problems. After we have discussed these things carefully, if the projects are feasible and we have the investment capital, I don't see why we can't implement these projects. The only thing is that we have to monitor these large projects

carefully. As long as the projects look promising, we can move forward. But if they should begin to look too risky, we must stop.

[Question] What are the policies on the state enterprises subordinate to the Ministry of Industry?

[Answer] When Mr Op became the minister, he had various people monitor the state enterprises. I had a chance to study the state sugar enterprise. I submitted recommendations to him, too. This is something about which I have detailed knowledge. But at this point, I cannot stipulate definite policies on the other state enterprises. However, a policy of the government is that activities can be turned over to the private sector if we do not suffer any losses in the process. That is one thing. A second thing is to improve administrative efficiency. I will have to look at this on a case by case basis.

[Question] The sugar cane growers and others involved with sugar feel that even though the situation is now very bad, there is reason for hope. What steps are you taking to solve the problems during this sugar cane pressing season?

[Answer] The day that Mr Op resigned, the prime minister called me in and told me that I was the only one left. He said that I would have to monitor the sugar cane and sugar situation closely since the problem is growing worse. Minister Op left this problem. The prime minister was told that this is a major problem that must be solved. The first thing I did after being appointed acting minister was to ask the people responsible, particularly the Secretary, Sugar Institute, to formulate an operations plan for sugar cane and sugar. There were 40 days left before the cane pressing was to begin. I asked them to plan what had to be done each day. They had to compile a list of all the problems. Because of this, we had a picture of the problems. Second, with whom did I have to deal? And which problems had the greatest priority? Because we couldn't do everything at once. The problems had to be solved in stages. We had to identify the people concerned. We spoke with people to inform them of the problems and have them participate in solving the problems. Ever since then, we have been busy with a major matter, that is, the loan of 78 million. The loan was due to be repaid on 30 September, and we managed to do that. After talking with people, I think that all sides are in agreement.

[Question] There are reports that the government will have to spend 13 billion to solve the cane and sugar problem. Is that true?

[Answer] There is a misunderstanding about that. They are in the process of estimating how much revolving capital will be needed to press the cane. Something that must be understood is that in pressing sugar cane, we have to pay the workers and pay for the cane. But the sugar is sold gradually during the course of the year. Thus, you have to have a large sum of money to pay the costs. But this is not a subsidy. It is revolving capital in the sugar industry. They are now estimating how much revolving capital there will be, whether there will be enough and what the interest rate will be. This is not a government subsidy. It is money that the sugar industry must use as revolving

capital. There are both long and short-term loans. The 78 million that I mentioned was a long-term loan. The money is allotted for each season.

[Question] How confident are you of being able to solve the problems? What are the real problems?

[Answer] There are many problems. But the important thing is whether we have compiled the problems correctly. People frequently ask whether I am confident. I have to be confident. Stated simply, we have to be determined to solve the problems. How could I say that I am not confident and that it will probably not be possible to solve the problems? They would not have appointed me to this position. We know that there are many problems. But if all sides cooperate and work resolutely to help ensure the survival of the important industries, I have great confidence.

[Question] The morale of the government officials is probably better today. What is your policy on regular government officials?

[Answer] I don't know whether their morale has improved or not. But I am trying to make them see that neither I nor the other two ministers can do everything alone. There must be cooperation. We have to rely on the government officials to carry out things, make recommendations, evaluate things and so on. There is no way that I can do everything. Thus, these people will play a great part. They must take responsibility for various things. They can't forward everything to us for a decision.

At the same time, they must receive support from us. The good people will be supported. I am trying to inform them of these things. I will be very happy if these things, which are correct, help to improve their morale.

11943

CSO: 4207/38

THAILAND

DEPUTY MINISTER OF INDUSTRY PROFILED; NOTES ARMY, POLITICAL TIES

Bangkok SIAM RAT SAPDA WICHAN in Thai 6 Oct 85 pp 54, 55

[Interview with Anan Chaisaeng, the deputy minister of industry; date and place not specified]

[Text] [Question] Why did you join the government and what are your personal feelings?

[Answer] The reason why the Progressive Party, of which I am the deputy leader, sent me to serve as the deputy minister of industry is that our party has been an opposition party for more than 2 years. I feel that serving as a minister will enable me to help the country more than my continuing to serve as a member of the opposition. The opposition cannot submit motions or draft acts. We have to rely on opposing things. As a member of the government, I may be able to help the country and the people. But this was not our idea. It just happened that three ministers of the government resigned at the same time. They felt that the Progressive Party is an important party from the standpoint of parliament since the party leader, Mr Uthai Phimchaichon, is the speaker of the House of Representatives. The fact that the speaker of the House is a member of the opposition might lead some people in the world to think that the government lacks stability. And so they contacted him about joining the government. There was only one way that he would join the government and that was if the Progressive Party joined the government. Three members of the Progressive Party are MPs. Mr Uthai was already the speaker of the House and so I, as the second most senior person in the party, was asked to serve as minister.

[Question] In appointing you deputy minister of industry, the government was considering its stability and image. Has the prime minister entrusted you with any special task?

[Answer] We have not been in contact with each other at all. He has looked at our background. He can probably determine whether a person is qualified. As for good fortune, he can see whether we are qualified (laughs). He has to determine whether we can get along with the other two ministers and whether we have the knowledge and capabilities.

[Question] Will your joining the government improve the fortunes of the Progressive Party?

[Answer] How could things get worse? There are only three of us in parliament now (laughs). Do you want the number to decline (laughs). That is about as few as you can have. I am carrying out my duties as an MP. I speak out on behalf of the people. I have constantly criticized the government on matters troubling the people. I have always addressed the issues. Mr Kasem Butkhunthong (an MP from Phetchabun) has carried out his duties, too. We have never made personal criticisms. We have always focused on the problems.

[Question] Were there any conditions for your joining the government?

[Answer] There was the matter of broadcasting parliamentary meetings, which is something that Mr Uthai wants. He wants people to know what parliament is doing. Parliament is responsible for supervising the administrative work of the government in order to show the people the problems. But the government has a problem. People have filed charges, and the government can't control the officials. MPs should talk only about matters of principle. Some may discuss personal matters, and some are simply too verbose and waste time. Some people may understand this. Broadcasting sessions of parliament would be beneficial. But it is up to the government to make the decision.

[Question] Will there be any problem in coordinating things with the other parties in the government coalition?

[Answer] No, there won't. I am close to Maj Gen Praman. The Democrat MPs are all associates of mine. The members of the Social Action Party are my friends. I have great respect for Mom Kukrit. I am one of his disciples. I was once a member of his government. I am very close to Theng (Mr Buntheng Thongsawat). Because of this, there won't be any problems.

[Question] For what things in the Ministry of Industry will you be responsible?

[Answer] Tasks have not yet been assigned. But I will probably be involved in helping the people. I will probably be involved in such things as [constructing] wells, helping to solve the pollution problem and suppressing illegal mines. I have been involved in such things before. As for supervising people and state enterprises, the minister has not yet issued an orders.

[Question] Will you work as a team or will everyone be assigned specific tasks?

[Answer] We will work as a team. We are already working as a team. All three of us have friendly dispositions. But the work must be divided. Because if the work overlaps, there will be problems.

[Question] Recently, the Ministry of Industry has seen rather sharp conflicts between the bureaucrats and the politicians. What will the policy be on this?

[Answer] Everyone has his own ideas. As for me, if a regular government official does something wrong, I will punish him. The law does not make any exceptions. We have measures on punishing regular government officials if they do something wrong. If they do a good job, things will be fine. But if they do not cooperate, we will punish them. They might be dismissed. If they have committed fraud, we will have the Office of the Commission to Counter Corruption conduct an investigation. There must not be any bias. Initially, we must look on them as friends. We are their superiors. They are subordinates. There is no reason to view each other as enemies. I think that we will get along fine. I have been an administrator before.

[Question] Are you worried?

[Answer] No, I'm not. Being a minister is not difficult. We are administrators. We make the decisions. The regular government officials must carry out their duties.

[Question] As a person who has been involved in politics for a long time, what do you think about Thai politics?

[Answer] As for Thai politics, I don't think that democracy is secure yet. The people have to be encouraged to take a greater interest. Democratic ideas must be disseminated more widely so that people value democracy more and realize that real democracy gives rights and freedoms. We must make them understand that communism limits people's rights and freedoms. This is the point on which democracy wins. If we want to prevent communism from defeating democracy, we must get people to understand democracy. Democracy can be interpreted by the phrase the "people have power." For example, I am a minister because I was elected by the people. In particular, the youths of the country should be made to understand democracy so that they participate in politics. We will then be able to select good people to play politics. We will have qualified people to serve as politicians. No one will object when they become administrators. They will be able to manage the knowledgeable and capable government officials. The regular government officials will not object because besides being experienced in this arena, the politicians will be good people with knowledge and talent.

[Question] In Thailand, can a person be a professional politician?

[Answer] Certainly, if we unite in fighting for a secure and permanent democracy. I have great sympathy for the prime minister. Many people in the government participated in the struggle against the rebels on 9 September in order to preserve the parliament and the constitution, that is, to preserve the power of the masses. If coup makers are jailed like this, perhaps there won't be any more coups since they won't know what their reward will be. If they fail, they will be treated like rebels. However, I do admit that some people have staged coups for the good of the country. But others have done so in order to gain power and wealth. They have kept power to themselves and not decentralized power democratically. In a democratic system, the children of farmers, like myself, have a chance to become minister.

[Question] Based on what happened on 9 September, do you think it will now be more difficult to stage a coup d'etat?

[Answer] It will be very difficult. Those who tried to stage a coup and failed must now face the terrible consequences. Some of those involved did not do this for the country. They participated in the coup for personal reasons. They wanted to get revenge. In a democratic system, there is a way to topple the government. That is, the government can be toppled using the parliamentary system. It may be argued that if the majority support the government, how can the government be toppled? But don't forget that elections are held every 4 years. If the government has failed to solve the problems and if the MPs have not carried out their duties properly or failed to act in accord with the wishes of the people, they will be removed as a matter of course. New people will replace them in order to help develop democracy.

Those who staged this coup claimed that the nation's present administrators are no good. Even supposing that that is true, what is there to prove that the coup makers are any better. Those in the Revolutionary Council have been in power before. But when they were in the government and served as ministers, they failed to solve the country's problems. Simply staging a coup won't solve the problems. This was just an effort to usurp power. It was just old wine in a new bottle. Such actions will put an end to elections and result in people becoming fed up with politics. People will not want to participate in politics. They will withdraw from politics. If we lack politicians who have the interests of the country at heart, the image of democracy will suffer. I we support democracy as Prime Minister Prem is doing, I can assure you that this will benefit democracy.

[Question] To settle the political disputes that have arisen, do you think that resolute measures should be used or should compromises be made?

[Answer] You can't compromise. You have to uphold the law. If a mistake does not violate the law, they will be forgiven. It is a matter of intention. If the person's intentions were unclear and he did not really intend to do something wrong, the defendant must be released. This is a principle of law. Political scientists support this. They want the country to be peaceful and prosperous. Senior people in the country hold to these principles. But at the same time, the law cannot make exceptions. Innocent people must not be blamed. But the guilty must be punished based on their crime. It must be recognized that some people had good intentions in staging the coup.

[Question] The leader of the Progressive Party has proposed allowing MPs to have secretaries. What would be the benefit of this?

[Answer] The MPs have much work to do. My province, for example, is composed of eight districts and one branch district. There are 500,000 people in the province. It's impossible for an MP to contact so many people. There must be someone to help. Each MP needs a secretary. We have to contact the people since we are their representatives. There is much work but no tools. The provincial governors have district officers and many others to help them. But

they are still very busy. But MPs don't have anyone to help them. Some people may think that allowing MPs to have a secretary will benefit the MPs. But actually, I think that this will benefit the people.

[Question] As a minister, how will you help the people whom you represent?

[Answer] There is very little industry in Chachoengsao Province. I will probably not be able to help Chachoengsao very much on the industrial front since Chachoengsao is mainly an agricultural province. But as the deputy minister of industry, I must work for the entire country, not one particular place. I must work for the well being of all the people of the country. As far as the province is concerned, I may be able to get the government officials to help the people more. This depends on the budget for each province. Sometimes, the budgets are very small. The people will probably understand since our country is still a poor country.

[Question] There are reports that you are very close to Mr Chuan Wannarat, a former MP from Chachoengsao (the father of Maj Gen Phichit Kunlawanit, the commanding general of the 1st Army Area).

[Answer] I have been able to advance because of Mr Chuan. At the time that he was an MP, I served as his precinct leader. We have known each other for a long time. We are like relatives. I worked for him for 5 years during the time that he was an MP. I ate and slept at his house. I accompanied him all the time. I love him dearly. My son, who has gone to the United States to earn his Ph.D., is staying at his house while he attends school.

[Question] It is said that you take Mr Chuan on trips abroad every year.

[Answer] Only once. But that is what people say. I regard him as a relative. He loves me like younger brother.

[Question] Then that means that you are close to Maj Gen Phichit, too.

[Answer] We know each other. But Maj Gen Phichit is younger than I am. I am closer to his father.

[Question] How do you feel when people talk about you and your friends?

[Answer] I don't see anything strange. I don't gamble, drink or smoke. I don't deny that many of my friends gamble. But they have never become addicted to gambling or been arrested.

[Question] Would you give us a short profile of yourself?

[Answer] In the past, I worked as a policeman. From 1957 to 1967 I served as a municipal councillor. In 1969 I became an MP from Chachoengsao Province as a member of the Freedom Party. In 1975 I became an MP as a member of the Santichon Party. I served as the deputy minister of communications and the deputy minister of public health. In 1979 I did not run for office because I opposed the constitution. I joined Mr Uthai Phimchaichon. In 1983 I ran for MP and won more votes than the other two MPs. I am 58 years old. I have three

[Answer] Everyone has his own ideas. As for me, if a regular government official does something wrong, I will punish him. The law does not make any exceptions. We have measures on punishing regular government officials if they do something wrong. If they do a good job, things will be fine. But if they do not cooperate, we will punish them. They might be dismissed. If they have committed fraud, we will have the Office of the Commission to Counter Corruption conduct an investigation. There must not be any bias. Initially, we must look on them as friends. We are their superiors. They are subordinates. There is no reason to view each other as enemies. I think that we will get along fine. I have been an administrator before.

[Question] Are you worried?

[Answer] No, I'm not. Being a minister is not difficult. We are administrators. We make the decisions. The regular government officials must carry out their duties.

[Question] As a person who has been involved in politics for a long time, what do you think about Thai politics?

[Answer] As for Thai politics, I don't think that democracy is secure yet. The people have to be encouraged to take a greater interest. Democratic ideas must be disseminated more widely so that people value democracy more and realize that real democracy gives rights and freedoms. We must make them understand that communism limits people's rights and freedoms. This is the point on which democracy wins. If we want to prevent communism from defeating democracy, we must get people to understand democracy. Democracy can be interpreted by the phrase the "people have power." For example, I am a minister because I was elected by the people. In particular, the youths of the country should be made to understand democracy so that they participate in politics. We will then be able to select good people to play politics. We will have qualified people to serve as politicians. No one will object when they become administrators. They will be able to manage the knowledgeable and capable government officials. The regular government officials will not object because besides being experienced in this arena, the politicians will be good people with knowledge and talent.

[Question] In Thailand, can a person be a professional politician?

[Answer] Certainly, if we unite in fighting for a secure and permanent democracy. I have great sympathy for the prime minister. Many people in the government participated in the struggle against the rebels on 9 September in order to preserve the parliament and the constitution, that is, to preserve the power of the masses. If coup makers are jailed like this, perhaps there won't be any more coups since they won't know what their reward will be. If they fail, they will be treated like rebels. However, I do admit that some people have staged coups for the good of the country. But others have done so in order to gain power and wealth. They have kept power to themselves and not decentralized power democratically. In a democratic system, the children of farmers, like myself, have a chance to become minister.

[Question] Based on what happened on 9 September, do you think it will now be more difficult to stage a coup d'etat?

[Answer] It will be very difficult. Those who tried to stage a coup and failed must now face the terrible consequences. Some of those involved did not do this for the country. They participated in the coup for personal reasons. They wanted to get revenge. In a democratic system, there is a way to topple the government. That is, the government can be toppled using the parliamentary system. It may be argued that if the majority support the government, how can the government be toppled? But don't forget that elections are held every 4 years. If the government has failed to solve the problems and if the MPs have not carried out their duties properly or failed to act in accord with the wishes of the people, they will be removed as a matter of course. New people will replace them in order to help develop democracy.

Those who staged this coup claimed that the nation's present administrators are no good. Even supposing that that is true, what is there to prove that the coup makers are any better. Those in the Revolutionary Council have been in power before. But when they were in the government and served as ministers, they failed to solve the country's problems. Simply staging a coup won't solve the problems. This was just an effort to usurp power. It was just old wine in a new bottle. Such actions will put an end to elections and result in people becoming fed up with politics. People will not want to participate in politics. They will withdraw from politics. If we lack politicians who have the interests of the country at heart, the image of democracy will suffer. I we support democracy as Prime Minister Prem is doing, I can assure you that this will benefit democracy.

[Question] To settle the political disputes that have arisen, do you think that resolute measures should be used or should compromises be made?

[Answer] You can't compromise. You have to uphold the law. If a mistake does not violate the law, they will be forgiven. It is a matter of intention. If the person's intentions were unclear and he did not really intend to do something wrong, the defendant must be released. This is a principle of law. Political scientists support this. They want the country to be peaceful and prosperous. Senior people in the country hold to these principles. But at the same time, the law cannot make exceptions. Innocent people must not be blamed. But the guilty must be punished based on their crime. It must be recognized that some people had good intentions in staging the coup.

[Question] The leader of the Progressive Party has proposed allowing MPs to have secretaries. What would be the benefit of this?

[Answer] The MPs have much work to do. My province, for example, is composed of eight districts and one branch district. There are 500,000 people in the province. It's impossible for an MP to contact so many people. There must be someone to help. Each MP needs a secretary. We have to contact the people since we are their representatives. There is much work but no tools. The provincial governors have district officers and many others to help them. But

they are still very busy. But MPs don't have anyone to help them. Some people may think that allowing MPs to have a secretary will benefit the MPs. But actually, I think that this will benefit the people.

[Question] As a minister, how will you help the people whom you represent?

[Answer] There is very little industry in Chachoengsao Province. I will probably not be able to help Chachoengsao very much on the industrial front since Chachoengsao is mainly an agricultural province. But as the deputy minister of industry, I must work for the entire country, not one particular place. I must work for the well being of all the people of the country. As far as the province is concerned, I may be able to get the government officials to help the people more. This depends on the budget for each province. Sometimes, the budgets are very small. The people will probably understand since our country is still a poor country.

[Question] There are reports that you are very close to Mr Chuan Wannarat, a former MP from Chachoengsao (the father of Maj Gen Phichit Kunlawanit, the commanding general of the 1st Army Area).

[Answer] I have been able to advance because of Mr Chuan. At the time that he was an MP, I served as his precinct leader. We have known each other for a long time. We are like relatives. I worked for him for 5 years during the time that he was an MP. I ate and slept at his house. I accompanied him all the time. I love him dearly. My son, who has gone to the United States to earn his Ph.D., is staying at his house while he attends school.

[Question] It is said that you take Mr Chuan on trips abroad every year.

[Answer] Only once. But that is what people say. I regard him as a relative. He loves me like younger brother.

[Question] Then that means that you are close to Maj Gen Phichit, too.

[Answer] We know each other. But Maj Gen Phichit is younger than I am. I am closer to his father.

[Question] How do you feel when people talk about you and your friends?

[Answer] I don't see anything strange. I don't gamble, drink or smoke. I don't deny that many of my friends gamble. But they have never become addicted to gambling or been arrested.

[Question] Would you give us a short profile of yourself?

[Answer] In the past, I worked as a policeman. From 1957 to 1967 I served as a municipal councillor. In 1969 I became an MP from Chachoengsao Province as a member of the Freedom Party. In 1975 I became an MP as a member of the Santichon Party. I served as the deputy minister of communications and the deputy minister of public health. In 1979 I did not run for office because I opposed the constitution. I joined Mr Uthai Phimchaichon. In 1983 I ran for MP and won more votes than the other two MPs. I am 58 years old. I have three

sons and one daughter. The eldest is studying for his Ph.D. in the United States. The second is a municipal councillor in Chachoengsao. The third is a lawyer and is preparing to become secretary to an MP based on the new budget. My daughter, the youngest, is studying for her master's degree in public relations in the United States.

11943

CSO: 4207/36

THAILAND

ARMY-RUN MASS DEVELOPMENT CHAIRMAN ON BACKING, SALES AREAS

Bangkok CHAT ATHIPATAI in Thai 12-18 Oct 85 pp 21-23

[Interview with Lt Gen Chaloom Hinchiranan, the chairman of the Mass Development Corporation Ltd; date and place not specified]

[Text] About a month ago, the newspapers began printing many articles about the Mass Development Corporation Ltd. It was said that this company is really a sleeping partner type company and that it provides an economic base for the establishment of a military political party. Lt Gen Chaloom Hinchiranan, the chairman of this company, gave an interview in which he discussed the progress being made and the various stories that have appeared recently.

[Question] The newspapers have reported that Lt Gen Chawalit Yongchaiyut and Lt Gen Charuai Wongsayan are no longer shareholders. Is that true?

[Answer] No, it isn't. I can say that because that is what both of those men told me. They have never said that to anyone. The newspapers said that this statement came from the Mass Development Corporation. I have talked to everyone in this company. No one ever said anything like that. And we have never said that we will hold a meeting at the end of this month. We do not have any plans to hold a meeting. Those are just rumors.

[Question] Why do you think such rumors were spread?

[Answer] I just became involved in this business. I feel that there is a three-pronged operation: 1. making complaints in order to create misunderstandings, 2. complaining that they have not received information from us directly and 3. submitting letters and trying to print propaganda. This started right after I became involved. This is a small company that was established just recently. How can I talk with all the newspapers? This has been blown out of proportion. This is a new company. Things are not yet well organized.

[Question] What activities has the company engaged in since it was established?

[Answer] The company registered on 1 February 1985. We had all served as government officials. Everything was in a state of confusion when we decided to establish a company. We had worked with the reserves. There were problems. Agricultural crops were depressed. Trying to solve the problems was like rowing a boat upstream. We thought and thought and finally decided to establish a company composed of soldiers on active duty and retired soldiers. The companies that encouraged us to do this were the Mae Khong and Hong Thong companies. They had planned to establish to company at the end of 1983 or the beginning of 1984. But they failed. We wanted to establish a company to engage in agricultural activities. Someone suggested that we establish a company run by retired soldiers in order to solve the problems and help improve the living conditions of the reservists. It was agreed that this company would handle these things and so we hurried to establish the company. We planned to establish the company in November 1984. The Mae Khong and Hong Thong companies were going to let us take charge. Action was taken in January and things were completed in February. But to date, we have not been able to reach an agreement on the details. No contract has been signed. The Mass Development Corporation is ready to do anything that those two companies want us to do. It's just that those two companies are in the process of working out the details. We are waiting. Those two companies are huge companies. They have to weigh everything carefully.

[Question] Why hasn't it been possible to reach an agreement?

[Answer] I don't know the details since this is a three-way contract. They drafted the contract. I didn't. I do what they want. At present, we haven't agreed on the details. I don't know why.

[Question] What if an agreement can't be reached?

[Answer] That's possible. It's been said that we have applied pressure. If we had, the matter would have been concluded a long time ago.

[Question] In what activities is the company engaged?

[Answer] Our background is in agricultural products. At present, we are selling small quantities of rice. We hope to be able to sell paddy and cassava. We have begun by selling rice. We are selling only in Bangkok. We purchase the rice from mills with which we are familiar. They have extended credit to us and don't rush us. Also, we feel that they provide us with good-quality rice. We feel that we can capture a share of the market. At present, others control the rice market. Our company is just a small company. We sell only about 5,000 kg a month. We have been doing this for only 2 months.

[Question] There are reports that, in cooperation with the Charoen Phokphan Company, you are selling hogs to Singapore.

[Answer] After Singapore stopped raising hogs, they began making purchases from Indonesia, Malaysia, the Philippines and Thailand. Our trucks had to pass

through Malaysia. But recently, Malaysia prohibited our trucks from transporting hogs through Malaysia after Singapore refused to purchase Malaysia's hogs, which were diseased. The Charoen Phokphan (CP) Company has contacted the Prepared Food Organization. Singapore will purchase hogs that have been slaughtered by the Prepared Food Organization only. They are looking for a way to solve this problem. Perhaps they can be sent by air. They can't be sent by land. If hogs that have been slaughtered and eviscerated are not shipped, problems will arise. They are considering sending them by air in order to solve the problem. Otherwise, they will lose the market. We are familiar with the Prepared Food Organization. Our company is run by retired reservists, retired war veterans and a few air force personnel. They came to us and discussed coordinating things. We will help by contacting people about sending the hogs by air. This will require contacting several sectors.

We are not exporting goods. We are focusing on gathering data in order to determine whether it is feasible to send hogs by air and to determine what the expenses are. We sent three shipments. The expenses were very great. We cannot compete this way. Sales prices there and in Bangkok were about the same. Our company just served to coordinate things between the different parties. The CP Company paid our expenses.

Now, we are serving as sales representatives for small and medium-sized rice milling machines. The Light Engineering Company asked us to serve as their representative. They pay us a percentage. We have recovered our investment capital. If a public or private unit needs a rice mill, we show them ours. There is a possibility that we will begin selling fertilizer. Originally, we intended to sell agricultural products. We are engaged in all phases of this except exports. We will sell fertilizer and crop seed.

[Question] There are rumors that you will purchase shares in a fertilizer company.

[Answer] The fertilizer company asked us to come look at things. We would like to buy shares in this company. The company is the Asia Industrial and Chemical Fertilizer Company Ltd. They have been encouraged to produce an additional 60,000 tons a year. They plan to build a new plant. They are looking for investors. We talked with them and would like to buy shares. Today (30 August), we sent a letter to the company asking to purchase 1,000 shares at 100 baht per share for a total of 100,000 baht, a very small amount.

[Question] It seems that the Mass Development Corporation will function as a coordinating company rather than actually investing in activities itself.

[Answer] If the public and private sectors cooperate in exporting goods, the future will be very bright. We will coordinate things. The Charoen Phokphan Company was our first "victim." There have not been any others. We tried to make our objectives as broad as possible. That is, when we wrote our objectives, we had nothing. An agreement was reached around the end of 1984. When Mae Khong and Hong Tlong contacted us, we quickly wrote some very broad objectives. Our company has two main types of objectives: 1. to serve as an agent and trade representative and 2. to engage in activities in which we have

invested capital either alone or in cooperation with others. The company was established just recently and so I can only talk about the first.

[Question] Whose idea was it to establish this company?

[Answer] This was the idea of a group of military officers working for the Reserves for National Security. In 1983, I was working for the Internal Security Operations Command. My work concerned the Reserves for National Security. At that time, the price of agricultural products plummeted. There were problems at Thung Kang Yang in Kanchanaburi Province. Karens had seized control of Thung Kang Yang. This was a danger point. This was causing problems between Thailand and Burma. It was difficult to get people to live there since things were dangerous there. We sent families of reserve soldiers to live there. We knew that we would have to provide them with food, water, agricultural crops and many other things. As for the Reserves for National Security Program, we called up reservists for military training and had them return to their localities in order to cooperate with the administrative authorities in developing the localities. People were called up and given military and occupational training in order to raise their standards. We estimated that it would cost 400 million baht a year to operate the reserve program. But we received only 100 million baht. We think that this company will help make up the difference with services and assets.

[Question] You were a soldier. You could go bankrupt because of your lack of experience in the business field.

[Answer] That's correct. But we sent reservists to live at Thung Kang Yang. And then we couldn't help them. This will enable us to help them. But business is a difficult field. Since I was given this task, I have to do it. The business could fail, or it could develop. We seem to be in a recession. Looking at the upland field crops, I feel discouraged. But the Suramaharat and Surathip companies have now given us some hope.

[Question] Since this company was established in order to help the reserve program, what support is the military giving the company?

[Answer] There is no agreement. We hope that we will be able to succeed. If soldiers feel that we are selling good rice at a cheap price, they will purchase from us. That is our hope. We are not receiving any other help. The newspapers have printed stories. Senior people are very careful. Those of us engaged in this are all retired soldiers. We will not tarnish the reputation of those on active duty. We are engaged in ordinary business activities. We have registered with the Ministry of Commerce. We have not been granted special privileges, although we do have people's sympathy. At present, the Charoen Phokphan Company, the Light Engineering Company and other companies have asked us to serve as their representatives in selling vehicles. But I would rather discuss what we have done rather than what is still in the conceptual stage.

[Question] Some people feel that because senior military officers have shares in this company, the company is using their influence.

[Answer] I am retired. I don't have any influence. Some of those who established the company are well known. Others did not agree but went along with the idea. I am no longer on active duty. We established this company based on the Commercial Code.

[Question] There are rumors that the company is really like a sleeping partner.

[Answer] That doesn't bother me. They say the same thing about Yi Pua. If I had a chance to be the Yi Pua lottery, I would seize that chance immediately. We are engaged in business activities. I am willing to do anything that is in accord with our laws, customs and moral principles. I won't do anything that goes against our customs or moral principles. I have my pension.

[Question] Did you get to become the sales representative for Hong Thong-Mae Khong liquors because of the influence of regular soldiers who own shares?

[Answer] That depends on how you view things. But look at this. I was not the first. They once thought about this but no agreement was reached. They tried but failed. People should look at this in a better light. We helped end the conflict between the companies. But instead of viewing things that way, people think that we are using influence. The owners of those two companies are not ordinary businessmen. They are professional businessmen who deal in billions. Why would such important people be afraid of pressure from military officers? The only reason that I can see is the one that I gave you. I was contacted after I became the chairman of the company. But prior to that, during the negotiations, I knew nothing. I met with Mr Sumet Techaphaibun and Mr Wan Sansua, representatives of the Suramaharat Company. But I can assure you that we did not discuss the matter of pressure being applied. They told me what their situation was. Their business has grown into a billion-baht business because of the security of the country. Their lives are very comfortable. They are leading businessmen. They are millionaires because the military has preserved security.

Thus, when the reserves needed money, they were glad to help us since we are trying to help the reserves. That is what they told me. I can assure you of that. I was a soldier. When they praised the military, I was impressed. I thought that they spoke like gentlemen. They asked us to get ready for this job. We made preparations to send teams to the four regions to carry on activities for them. We were willing to help these two companies grow. We encouraged the suppression of bootleg liquor and smuggled liquor. We gave tips to the police and offered rewards. As for liquor crossing zones, we have taken action and protected the interests of the state. The state has stipulated conditions on where liquor can be sold, and we have acted accordingly.

[Question] Since the company is not yet a liquor distribution agent, the company is probably in a difficult position. Is that correct?

[Answer] Yes. Because we have registration capital of 10 million baht. But we have collected only 2.5 million. We can visualize things. Our company needs money. We have not yet collected all the money.

[Question] What about building a plant to produce weapons?

[Answer] I will not discuss that.

[Question] But that is in the company's list of objectives?

[Answer] The objectives include hotels, massage parlors, mines and many other things. A weapons plant is still just an idea. At present, we have not formulated any weapons plans. There is nothing to say about this. We are still a very small company, but people talk about us as if we were a huge company.

[Question] How many people work for the company?

[Answer] The company is operated by a group of retired officers and war veterans. We are taking applications. At present, we have 20 clerks and administrative officials. We hire people as necessary.

[Question] What is being done to help the reservists?

[Answer] They are given help in selling agricultural products. As for the reservists and veterans program, we have provided them with crop seed, fertilizer and insecticide. We will purchase their crops and sell them at the best price possible. We will hardly make any profit at all. They will be helped based on the policy. But action has not yet been taken. We will sell rice first. We just started doing this. I have constantly said that this company is being run by retired veterans. I am not bragging. I just want you to know that we used to be soldiers and that we are now engaged in business activities. Anyone who would like to use our services is welcome to do so. I don't have any knowledge in this field. The newspapers ask us to run advertisements every day. I don't want to meet them because we don't have money for that.

[Question] Some people say that this company will not survive for very long and that you will have to cease operations just as in the time of Field Marshal Sarit.

[Answer] In that case, I agree. Nothing lasts forever. But we will stick to our ideals. I will probably stay in this position only for a year. I will turn the position over to other people when they retire. Officers on active duty have to hold shares in order to prepare for carrying on these activities and to preserve these ideals. The shareholders are aware of this. We will find a way to keep the shares from being sold to outsiders. If someone dies, the shares will circulate among regular soldiers. The shares will be like an inheritance. We will try to do things like this.

[Question] How confident are you about the future of the company?

[Answer] Very confident, if we choose shareholders who share our ideals.

[Question] You are losing money on the rice sales.

[Answer] We have established this company and so we have to carry on business. We hope that the liquor activities will be profitable and cover the losses in the agricultural sector.

[Question] Selling fertilizer is risky.

[Answer] We know that. We sell good products at a low price. We are not cheating people. If the farmers are not getting the fertilizer, it's because of corruption within the Marketing Organization for Agriculture. We are prepared to take over from the Marketing Organization for Agriculture. We will promise that the fertilizer will reach the farmers at the price stipulated by the Marketing Organization for Agriculture.

[Question] I get the feeling that the company is selling "faith."

[Answer] That's correct. We want people to have faith in us. The first one to have faith in us was the Charoen Phokphan Company. We consider all of those who have had confidence in us and helped us during the initial period to be benefactors. Take the Surathip and Suramaharat companies for example. We must always remember them for the encouragement that they gave us in establishing this company. Otherwise, we would have had trouble getting started.

[Question] What will you be paid for acting as the sales representative of the two liquor companies?

[Answer] The company will receive 50 satang (1 satang equals .01 baht) for every medium-sized bottle of liquor sold. The rate will be higher and lower for larger and smaller bottles. This will come from the profits of the producers, not from the retail store agents. We expect to make approximately 10 million baht a month.

[Question] What other projects will the company implement?

[Answer] We are waiting on the Mae Khong and Hong Thong companies and so we haven't thought about any other projects. After this has gotten underway, we will begin doing other things. There will be a ceremony at 0900 hours on 17 October to launch operations. Company officials will give food to nine monks.

11943

CSO: 4207/34

THAILAND

COLONEL MANUN REFUGE IN GERMANY DISCUSSED

Bangkok CHAT ATHIPATAI in Thai 19-25 Oct 85 p 15

[Article: "Picking Up the Trail of Manun in Germany, a Suppression Operation Waiting on Orders"]

[Text] The Committee to Handle Security Cases was established in order to investigate the attempted assassination of Gen Prem Tinsulanon and Gen Athit Kamlangek. The committee is headed by Maj Gen Phuchong Nilakham and Police Maj Gen Bunchu Wangdanon, both of whom are members of Chulachomklao Royal Military Academy Class 5. They have become quite well known because of their activities. The Tani Unit, a commando unit of the Suppression Division, has been the main unit in the operations.

A major general who commands a division told CHAT ATHIPATAI that another such special operations unit has now been established in order to carry on operations in the wake of the 9 September rebellion. Its target is the retired colonel who instigated the rebellion and who fled to West Germany.

"This is a small unit composed of officers who have linguistic capabilities and who can easily adapt to life abroad," said the news source. He said that the person in charge of this unit is a major general who is one of the key men in CRMA Class 5 and who has been involved in such activities before.

However, at present, things are still in the stage of coordinating matters with a German special action unit. The unit is not yet ready to go to Germany. But the unit frequently receives reports from Germany on the activities of Col Manun Rukhaachon, the target of this operation. For example, the reports tell with whom he meets. And there has been a report that a former colonel who was quite well known prior to the events of 14 October is giving him financial support.

West Germany's GSG-9 Unit is the unit that is coordinating intelligence activities. This is a special action unit whose fame is equal to that of the U.S. Delta Force, the SAS and the Israeli Unit. This unit is commanded by Maj Gen Wackner. It has coordinated things with Thai units on many previous occasions.

The news source said that the "9 September Special Action Unit" is coordinating things between CRMA Class 5 officers and senior officers who played an important role in suppressing the rebellion and with Gen Prem directly.

"An order was issued from the top stating that it may be necessary to secure the return of Col Manun. At present, it seems that resolute action will be taken in this case. This unit is on alert. Intelligence officials know where Col Manun is. Whenever the order comes to take action, the unit is ready to take action immediately," said the major general. As for the source of this order, the news source said that after Col Manun left the country, it was learned that there would be an operation to "get revenge." This desire for revenge stems from the fact that Col Manun was betrayed.

Besides this, the "new data" that are exerting pressure to clear up the 9 September affair may make it necessary for Col Manun, who has seemingly escaped the danger, to have to return to Thailand, where action will be taken against him.

"Actually, Class 5 has been investigating the 9 September affair since the very beginning. The Suppression Division has collected much data. To outsiders, it may seem as if Class 5 is not involved in this. But in the background, this class is playing a great role in clearing up this case," said a colonel. He also said that "this is another battle in the war between Class 5 and Class 7, who are old enemies."

On the evening of 11 October, customs officials arrested Mrs Montha Rubkhachon, the wife of Col Manun, and her two children at Don Muang Airport. They were preparing to take a Lufthansa flight to Frankfurt, Germany, in order to join Col Manun. They were arrested on charges of trying to take more than 5,000 baht out of the country without obtaining permission from the Bank of Thailand. Mrs Montha was carrying approximately 20,000 baht in cash.

However, after turning over the excess money, Mrs Montha and her children were able to leave for Germany the next evening. But even so, there have been comments to the effect that this feud will probably go on and on.

Col Manun and his family are now together again. But we don't know what his fate will be in the future. He is now the target of the special action unit, which is just waiting for the "order."

11943

CSO: 4207/42

THAILAND

BRIEFS

CROWN PRINCE PROMOTION--The Crown Prince holds the position of commander of the Royal Guards Mahatlek Regiment. All regimental commanders have the rank of (special) colonel. They are entitled to change their collar insignia and wear the "crossed clubs" like a general. Their salary is the same as that of a brigadier general. The Crown Prince is still a colonel. But this year, he will be promoted to (special) colonel. His promotion is based on the highest rate for officers at the regimental command level. Also, he is being promoted because his "salary" as a regular military officer has risen to the level where he can be promoted to (special) colonel. [Text] [Bangkok LAK THAI in Thai 17 Oct 85 p 8] 11943

PRINCE ARMY HONOR GUARD MISSING--While waiting to see the Crown Prince off to Italy on the evening of 8 September, which was just a few hours before the attempted coup d'etat, one observer noted something very strange within the circle reserved for senior people. What he noticed was that soldiers from only two branches of the military, the navy and the air force, were standing in formation as part of the prince's honor guard. The army contingent of the honor guard was missing. Normally, this would never happen. All three branches of the service are always represented. No one knows what happened to the army contingent. [Text] [Bangkok LAK THAI in Thai 17 Oct 85 p 5] 11943

CSO: 4207/36

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

SIHANOUK SON CLARIFIES ARMY COORDINATION UNIT

BK290229 Bangkok BANGKOK POST in English 29 Oct 85 p 4

["POST Bag" column]

[Text] Sir: In reference to your front page article in the BANGKOK POST of 24 October 1985, entitled: "Son Sann Set to Overhaul Front," I wish to draw your attention to the following:

1. There is not a "joint permanent military command" between the two Khmer Nationalist resistance movements. For well over a year, there has been in existence the Permanent Military Committee for Coordination (PERMICO).
2. PERMICO is a body composed of equal representation from both the KPNLF and our FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia]. The President of the Committee is a representative of the KPNLF (General Sak) and the Vice-President is a representative from FUNCINPEC (General Teap Ben). The four departments of PERMICO are staffed by equal representatives of the two nationalist movements.

Norodom Ranarit
Personal Representative
FUNCINPEC

/9604
CSO: 4200/188

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

KPNLF COMMENTS ON RAINY SEASON ACTIVITY

BK290129 Bangkok THE NATION in English 29 Oct 85 p 5

[Text] Heavy rains, still going on in the Kampuchean interior, have delayed a Vietnamese plan to start military operations against Kampuchean resistance guerrillas during the upcoming dry season, Khmer resistance sources said.

The Khmer sources told THE NATION the ground in many provinces in the Kampuchean interior, especially in Siem Reap and Oddar Meanchey, is still soaked with rain, hindering Vietnamese preparations for a new dry season offensive against the resistance forces.

They said movement of Vietnamese military hardware, such as heavy artillery pieces or tanks, is almost impossible due to the soft ground.

According to the sources, the Vietnamese forces had planned to launch their offensive against the Kampuchean resistance guerrillas, operating in Siem Reap and Oddar Meanchey provinces in northwest Kampuchea, in the middle of this month. However, one Khmer resistance official said "the Vietnamese, they can wait until December because rain is at present on our side."

The resistance sources said the Vietnamese and the Heng Samrin forces are stepping up their attempts to seal off the Kampuchean border with Thailand in Oddar Meanchey Province by forcing a new group of about 15,000 Kampuchean civilians from the interior to build up barricades at the frontier.

The resistance sources said the new group was conscripted from the Kampuchean provinces of Prey Veng, Svay Rieng and also the capital of Phnom Penh a few weeks ago to replace the former groups of Kampuchean civilians working at the border, who had been suffering from malaria and food shortages.

Meanwhile, an official of the Army of National Sihanoukists (ANS) told THE NATION about 5,000 ANS guerrillas have been sent into the Kampuchean interior behind the Vietnamese and the Heng Samrin advance units after 3,000 of them had earlier been called back to the border bases.

/9604
CSO: 4200/188

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

BRIEFS

KPNLF TO REORGANIZE FORCE—Khmer People's National Liberation Front leader Son Sann will return from the United States soon to oversee a reorganisation of the force, particularly in the military and political fields. A KPNLF source told the BANGKOK POST yesterday that Son Sann had already given Commander-in-Chief General Sak Sutsakan the authority to overhaul the front's military arm. He said the move may see the ousting of Abdul Gaffar Peang Meth, a young KPNLF leader, from the joint permanent military command between the front and Prince Norodom Sihanouk's FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia]. The command comprises three representatives from the KPNLF and one from the Sihanoukist faction under the control of General Sak. The other KPNLF representatives are Pen Thula and Colonel Chak Bory. The reorganisation and the apparent replacement of the dissidents from the front's administrative bodies follow statements that Son Sann was an obstacle to efforts to coordinate the two non-communist factions and calling for ASEAN to apply pressure on San Sann. [Excerpt] [Bangkok BANGKOK POST in English 24 Oct 85 p 1]

/9604
CSO: 4200/188

PEOPLE'S REPUBLIC OF KAMPUCHEA

MPRP GREETINGS TO KPRP CONGRESS REPORTED

BK260942 Phnom Penh Domestic Service in Cambodian 1300 GMT 25 Oct 85

[Text] Recently, the MPRP Central Committee sent a warm congratulatory message to the Fifth KPRP National Congress. Among other things, the message says:

We have noted with joy that the Cambodian people under their vanguard party, the KPRP, have successfully implemented the resolutions of their party's fourth congress and have made all kinds of sacrifices to fulfill the tasks of building the bases of socialism. Strengthening the traditional friendship and close cooperation among the three Indochinese countries is a necessary factor in the socialist stand to ensure peace and security in Southeast Asia and Asia as a whole. The attempt by imperialists, hegemonists, and international reactionaries to hinder the PRK's rebirth will certainly fail.

The support and public acclaim, which are the results of the firm policy and activities of the KPRP, are evidence of the Cambodian revolution's hope for victory and every success. The Central Committee of the MPRP is firmly convinced that the fraternal friendship and cooperation between our two parties and peoples, in accordance with Marxist-Leninist principles and proletarian internationalism, will be further developed and strengthened for the prosperity of the Mongolian and Cambodian peoples and for the benefit of peace and socialism.

We wish the KPRP Central Committee and the communists and workers in the PRK greater successes in fulfilling the resolutions of the fifth national congress and achievements in struggling to ensure peace and security in Asia and the world.

/6091

CSO: 4212/15

PEOPLE'S REPUBLIC OF KAMPUCHEA

FRENCH COMMUNIST PARTY CONGRATULATES KPRP CONGRESS

BK290939 Phnom Penh Domestic Service in Cambodian 0430 GMT 29 Oct 85

[Text] The French Communist Party sent a greetings message to the Fifth KPRP Congress which was held in Phnom Penh from 13-16 October.

The French Communist Party message stresses: The convening of the congress and its targets have shown the new development of various achievements of the Cambodian fatherland's rebirth. Furthermore, they have also clearly shown the construction of a new sovereign and independent Cambodia to serve the interests of the Cambodian people, create security for the fatherland, and contribute to the development of cooperation and peace in Southeast Asia.

The French Communist Party would like to express its solidarity with the Cambodian people. In particular, it has made every effort to persuade the French Government to recognize the PRK which has successfully restored the economic, social, and cultural fields and Cambodian people's way of life and has actively participated in the international community.

The French Communist Party also warmly welcomes the PRK's peace initiatives to settle various regional political issues through negotiations respecting mutual interests.

/6091
CSO: 4212/15

PEOPLE'S REPUBLIC OF KAMPUCHEA

CHHIM SENG ON SUCCESS IN COMMUNICATIONS

BK261135 Phnom Penh Domestic Service in Cambodian 2300 GMT 25 Oct 85

[Station correspondent's interview with Chhim Seng, deputy minister of communications, transport, and posts; date not given--recorded]

[Excerpts] [Question] Respected Comrade Deputy Minister, what progress have we made in the fields of communications, transport, and posts?

[Answer] The Ministry of Communications, Transport, and Posts which is one of the state's economic ministries--the lifeline of the country--has greatly contributed to national defense and restoration of national economy, social and cultural establishment, and people's livelihood. It plays an important role in the repair and construction of roads, bridges, ports, and warehouses, in ensuring the transportation of goods and passengers through land, railroad, and waterways both in terms of quantity and quality, and in linking communication through posts and telecommunications. Over the past almost 7 years, the communications, transport, and posts service has been improved rapidly in terms of quantity, quality, and capability. It has fulfilled all targets set forth by the party and state. The success made by the ministry is as follows:

Immediately after the liberation, we still had not set up any clear plan for the repair and rebuilding of roads and bridges. Thus, we began our work in accordance with the temporary program in close cooperation with the Vietnamese friends with an aim of doing everything possible to transport food supply to the people and for serving the national defense during that period. Briefly speaking, we could only ensure the traffic along Route 6 to an extent. By now, we have made remarkable achievements, that is:

The repair of national highways: We repaired and maintained a total of 96.5 km of roads; rebuilt 594 km of asphalted roads; paved 350.5 km of gravel roads; built 96 km of pavement; and repaired 117,730 square meters of asphalted roads in Phnom Penh.

The repair and construction of bridges: We maintained 5,016 meters of bridges and built a total of 2,493 meters of new bridges.

The repair of railroads: We repaired 921 meters of railroads, 4,038 meters of steel bridges along railroads, and 1,508 meters of concrete bridges along railroads.

The dredging work: We conducted dredging every year along the Chantouk and Mekong Rivers. Every year, the Vietnamese friends helped us in the dredging work in order to enable international liners to sail from the Mekong River to Phnom Penh port. After gaining experience from the Vietnamese friends, this year we could proceed with the dredging ourselves. However, we are now cooperating with the Vietnamese friends in laying buoys along the Mekong River as markers for safety of international liners when traveling in and out of Phnom Penh port. At the same time, we have repaired brick jetties and built ferries and cargo houses in Kratie Province for transporting goods to the northeastern provinces and to Laos. We have restored the five main ferries, that is, the Neak Loung ferry, Prek Adam ferry, Tonle Bet ferry in Kompong Cham Province, Sre Ambel ferry in Koh Kong Province, and the ferry in Stung Treng Province.

Transport work has been the most urgent and essential task in the communications, transport, and posts service as a means to ensure the traffic of goods from the central region to localities and vice versa, as well as the smooth trip by the people. At the same time, our service has contributed to transporting supplies, food, and tools to the national defense labor worksites. The ministry has actively served the transport of import and export goods and the supplies to the region around the Tonle Sap Lake and the northeastern region.

Concerning transportation through railroads, despite difficulties due to sabotage activities by the enemies, we have been able to fulfill the requirements set by the party and state. Although the enemies made every attempt to destroy our railroad tracks, they have not been able to fulfill their desire. This is because we have our heroic armed forces for defending our railroad tracks and our railroad workers and experts who are always ready to repair any railroad, thus preventing our transportation through railroad from being halted.

Transportation through waterways is one of the most effective means of economic transportation. By now, we have repaired ships which have the total transport capacity of more than 10,000 metric tons. At the Phnom Penh and Kompong Som ports, the loading and unloading work totaled 10,949,000 metric tons. This includes 78,000 metric tons of export goods, 10,465,000 metric tons of import goods, and 36,000 metric tons of local goods.

[Question] What is the ministry's plan for the coming years?

[Answer] The targets set for the coming years by the Ministry of Communications, Transport, and Posts is to expand the capabilities of the Phnom Penh and Kompong Som ports, find ways to expand the Kompong Cham, Kratie, and Siem Reap ports for serving transportation by waterways, restore communications networks--land roads, railroads, and waterways--and expand the worksites for repairing means of transportation. The work to strengthen communications lines which are the most priority in our 5-year plan is made up of the repair and restoration of roads and bridges, waterways in the northeastern region, and Routes 1 and 5.

PEOPLE'S REPUBLIC OF KAMPUCHEA

REPORT ON AGRICULTURAL DEVELOPMENTS 21-27 OCT

BK280842 [Editorial Report] Cambodian media monitored by Bangkok Bureau carried the following reports on agricultural developments in Cambodia during the reporting period 21-27 October:

Takeo Province: Phnom Penh Domestic Service in Cambodian at 0430 GMT on 22 October reports that by early October, peasants of Takeo Province had transplanted 69 percent of the plan for all types of rice and planted nearly 4,000 hectares of short-term subsidiary food crops and nearly 600 hectares of industrial crops.

Kandal Province: Phnom Penh radio at 0430 GMT on 22 October states that by September, peasants in Kien Svay District, Kandal Province, had raised more than 15,000 oxen, 800 more than in 1984; nearly 10,000 hogs; and 74,000 fowls. Phnom Penh SPK in French at 0408 GMT on 26 October states that peasants in Muk Kampul District, Kandal Province, had tilled 2,400 hectares of land, sowed 20 hectares of rice, and transplanted 10 hectares of rice. The agricultural service had provided 200 metric tons of chemical fertilizer and 900 liters of insecticide to peasants in this district.

Kompong Cham Province: Phnom Penh radio at 1300 GMT on 22 October reports that from the beginning of the season to the end of September, peasants in Srei Santhor District, Kompong Cham Province, had transplanted nearly 6,000 hectares of all types of rice, planted 730 hectares of corn, and more than 500 hectares of peanut and sesame.

Kompong Thom Province: Phnom Penh Domestic Service in Cambodian at 0430 GMT on 23 October reveals that peasants in Kompong Thom Province raised more than 100,000 oxen, 78,500 hogs, and more than 76,000 buffalo. According to Phnom Penh SPK in French at 1109 GMT on 27 October, as of the first week of September, peasants in Kompong Thom Province had sold to the state 500 metric tons of beans, sesame, and soya. Phnom Penh SPK in English at 1108 GMT on 26 October reports that by the end of September, peasants in Baray District, Kompong Thom Province, sold to the state more than 600 metric tons of farm products including 235 metric tons of beans, 205 metric tons of sesame, and 66 metric tons of peanut. Phnom Penh SPK in French at 1109 GMT on 27 October states that by the end of September, peasants in Kompong Svay District, Kompong Thom Province, sold to the state more than 25 metric tons of sesame, 9 metric tons of pigs, and more than 2 metric tons of fish.

Kompong Speu Province: Phnom Penh radio at 1300 GMT on 23 October broadcasts that by mid-October, peasants in Kong Pisei District, Kompong Speu Province, had transplanted more than 13,000 hectares of rice, or 71 percent of the plan. According to Phnom Penh radio at 0430 GMT on 27 October, by mid-October, peasants in Udong District, Kompong Speu Province, had transplanted 11,500 hectares of various types of rice, planted more than 300 hectares of subsidiary crops and almost 600 hectares of industrial crops, and reclaimed more than 400 hectares of land.

Kampot Province: Phnom Penh Domestic Service in Cambodian at 1300 GMT on 27 October discloses that during the past 9 months of this year, trade service in Kampot Province bought more than 10,000 metric tons of paddy and 176 metric tons of pigs from the people.

Svay Rieng Province: Phnom Penh radio at 1300 GMT on 27 October states that so far peasants in Chantrea District, Svay Rieng Province, have transplanted almost 7,000 hectares of various types of rice. The local agricultural service has provided 28 metric tons of IR-36 rice seeds and more than 300 metric tons of chemical fertilizer to peasants in this district. Phnom Penh SPK in English at 1102 GMT on 23 October reports that peasants in Rumduol District, Svay Rieng Province, had by the end of last month gathered rice on 1,000 hectares with an average output of 1 metric ton per hectare. Despite long spell of dryness in the middle of the monsoon, the peasants had covered 19,000 hectares with rice, or 92 percent of the plan.

Kratie Province: Phnom Penh SPK in English at 1102 GMT on 23 October reveals that peasants in Sambo District, Kratie Province, had by early last month completed rice planting on 4,800 hectares, up by 900 hectares over last year's figure. Besides rice planting they put 755 hectares under subsidiary food crops such as corn, beans, sesame, and cassava. Animal husbandry has also shown marked increase. The district now keeps more than 5,800 oxen and 10,500 buffalo.

Pursat Province: Phnom Penh SPK in English at 1108 GMT on 26 October notes that in September alone, thanks to sufficient late monsoon rainfall, peasants in Pursat Province put 11,400 hectares under rice. Taking the lead were Bakan District with 5,290 hectares and Krakor District with 3,150 hectares.

Kompong Chhnang Province: Phnom Penh SPK in English at 0412 GMT on 27 October states that peasants in Baribo District, Kompong Chhnang Province, have planted rice on over 7,200 hectares, or 88 percent of the plan.

/6091

CSO: 4212/15

JPRS-SEA-85-183
2 December 1985

DONG DEVALUATION SAID TO HAVE HURT PRK ECONOMY

BK240129 Bangkok THE NATION in English 24 Oct 85 p 3

[Text] Life for average Kampucheans under the Heng Samrin regime is getting worse with prices of basic commodities soaring.

A foreign doctor, who works for an international relief agency and has been in Kampuchea for almost a year, said that during the past 5 to 6 months the price of basic commodities and fish have doubled. He said that one kilogramme of rice used to cost only 7 riels, but now it costs about 15-16 riels. With an average monthly salary of 240-280 riels (approximately 850 baht), the doctor added, it would be hard for them to live on such a meager income. "So some of them naturally turn to something that can earn them extra income such as smuggling," he said.

In Phnom Penh, one can obtain products ranging from the latest Honda scotter to generators or Thai potato chips, he said, adding that prices of commodities in the black market are usually two to three times higher than the original prices.

The recent devaluation of the Vietnamese dong has also hurt the Kampuchean people. "It is an irony because many Kampucheans use dong to buy things. There is a large amount of dong being spent by the estimated 180,000 Vietnamese troops," he said.

Exchange rates on the black market have also gone up considerably. The doctor said that although the official rate of exchange by the Heng Samrin government is one U.S. dollar to 7 riels, the rate on the black market is as high as 140 riels for a dollar.

In February, he said, one dong was equal to 5 riels, now the exchange rate is about 2 to 5 riels.

As a resident outside Phnom Penh, he said that ordinary Kampucheans are not encouraged to talk with him, except only when they are reporting about their sickness. "Nobody wants to be seen talking to me," he added.

During his stay, he said he had heard of some of the attacks around Phnom Penh by the resistance forces. "But it is very difficult to verify the reports because many times they were simply the work of some robbers and bandits," he said. There has been a step-up of security forces in the suburbs of Phnom Penh, which have often become the target of the resistance forces.

2 December 1985

PEOPLE'S REPUBLIC OF KAMPUCHEA

BRIEFS

JARUZELSKI CONGRATULATES HENG SAMRIN--Phnom Penh, 30 Oct (SPK)--Wojciech Jaruzelski, first secretary of the Polish United Workers' Party Central Committee has warmly congratulated Heng Samrin on his reelection to the post of general secretary of the People's Revolutionary Party of Kampuchea. In his message the Polish leader said: "The PUMP and Polish labouring people highly value your personal contribution in struggling against imperialist interference, in consolidating the PRK leading role for socialist development and in tightening multiform cooperation and fraternal friendship between the two parties, countries and nations. "I wholeheartedly wish you, the Central Committee and the Kampuchean Communists favorable achievement of the resolutions, adopted by the Fifth Congress of the PRPK and new success in the development of the People's Republic of Kampuchea and in the consolidation of peace and cooperation in Southeast Asia, the Polish leader concluded. [Text] [Phnom Penh SPK in English 1204 GMT 30 Oct 85]

'RETURNEES' REPORT TO AUTHORITIES--Phnom Penh, 29 Oct (SPK)--In the first half of October, 13 misled people, all sereikas [Cambodian term for Son Sann's soldiers], reported themselves to the revolutionary administration in the Province of Battambang, northwest of Phnom Penh, bringing along 12 weapons. With the moral and material assistance from the local administration and people, the returnees are now beginning a new life with their families. In the first 9 months of this year, the provincial revolutionary administration received 365 returnees including 75 Polpotists and 290 sereikas, who brought with them 218 guns and a quantity of ammunition. [Text] [Phnom Penh SPK in English 1108 GMT 29 Oct 85]

CUBAN ENVOY SEES HUN SEN--Phnom Penh, 2 Nov (SPK)--Viriato Mora Diaz, the new Cuban ambassador to the People's Republic of Kampuchea, paid a courtesy visit Friday to Hun Sen, Politburo member of the People's Revolutionary Party of Kampuchea, premier, and minister for foreign affairs. The Cuban diplomat also called on Chea Soth, Politburo member of the KPRP Central Committee, vice premier and minister of planning. The new ambassador presented his credentials to President Heng Samrin on 10 October. [Text] [Phnom Penh SPK in English 1130 GMT 2 Nov 85]

RUSSIAN ART TROUPE--Phnom Penh, 31 Oct (SPK)--The Russian popular choir of the Omsk City (Siberia) gave its first performance Wednesday at the Basak theatre in Phnom Penh in honour of the 68th anniversary of the Great October Revolution. The art troupe which arrived here Monday was headed by F. Mitsenko, director of the philharmonic of the Omsk region. [Text] [Phnom Penh SPK in English 1139 GMT 31 Oct 85]

RED CROSS AID--Phnom Penh, 1 Nov (SPK)--The Kampuchean Red Cross (KRC) has distributed relief from the UN High Commissioner for Refugees (UNHCR) and the Mennonite Central Committee (MCC) to the needy in the provinces of Kompong Speu and Pursat and in Kompong Som City. The relief included 207 tonnes of rice and other necessities. [Text] [Phnom Penh SPK in English 1128 GMT 1 Nov 85]

'MISLED' PERSONS RETURNED--Phnom Penh, 3 Nov (SPK)--In the first 9 months of this year 2,300 misled people reported themselves to the revolutionary administration in Siem Reap-Oddar Meanchey Province, 300 kilometers northwest of Phnom Penh, bringing along 774 various guns. They were warmly welcomed and provided with necessities to enjoy new life with their families. [Text] [Phnom Penh SPK in English 0435 GMT 3 Nov 85]

'MISLED' RETURN TO KOMPONG CHHNANG--In September, revolutionary authorities in Kompong Chhnang Province welcomed back 21 misled persons who brought with them 13 AK's and some ammunition and war materiel. The state authorities and people in Kompong Chhnang Province cordially welcomed and provided moral and material assistance to create favorable conditions for these compatriots to have a peaceful life. [Excerpt] [Phnom Penh Domestic Service in Cambodian 0430 GMT 27 Oct 85 BK]

/6091

CSO: 4212/15

2 December 1985

MILITARY AFFAIRS AND PUBLIC SECURITY

HANOI MOI CITED ON NEIGHBORHOOD COMMITTEES' ROLE IN SECURITY

HK080824 Hong Kong AFP in English 0253 GMT 9 Nov 85

[Text] Hanoi, 9 Nov (AFP)--Security forces have tightened their watch on the capital's people in recent weeks through communist party neighborhood committees, the daily HANOI MOI reported.

It said the committees had helped police establish files on 90 percent of the city's population, a procedure which allowed the authorities to resolve "several problems in the basic unit" and strengthen security.

The newspaper reported yesterday that the people were classified according to four criteria but did not say what they were.

This city of about 1.5 million people has 4,665 people's security groups and 647 party cells that form the backbone of its watchdog system, the HANOI MOI said.

Interior Minister Pham Hung announced the move to tighten surveillance last month in a bid to counter speculation, black marketeering and corruption which authorities fear could derail current economic reforms.

The HANOI MOI reported in another article yesterday that several cases of speculation had been discovered thanks to "the active contribution of the people and the security forces."

About 20 people were punished and taken before a "court of public opinion" to make self-criticisms, it said. The newspaper spoke of the need to create more such tribunals, which are an old tradition in Vietnam.

The authorities appear to be trying to link the population more closely to the fight against what they call "saboteurs of the economy," and residents are encouraged to report any violations.

/9738

CSO: 4200/230

INTERNATIONAL RELATIONS, TRADE, AND AID

SRV, LAOS PROMOTE COOPERATION IN FORESTRY

OW031609 Hanoi VNA in English 1456 GMT 3 Nov 85

[Text] Hanoi, 3 Nov (VNA)--In the first half of this year Vietnam helped Laos exploit 20,000 cubic meters of timber, part of which are for export. The Ministry of Forestry alone, together with the logging camps of Laos, has exploited 7,000 cubic meters.

Vietnam is helping Laos survey and explore its forest resources, hone its forests and reafforest many wastelands.

A conference on cooperation in forestry between Vietnam and Laos was arranged in Hanoi in mid-September last. The conference set the target of exploiting from 200,000-500,000 cubic meters of timber per year from 1986 to 1990, of which 1-1.2 million cubic meters will be exported. The conference also discussed the building of support facilities such as timber hauling tracks, population centers near the forests, agricultural farms, etc. Recently, a team of the Laos Highland Economy Building Corporation paid a working visit to the Vietnamese provinces of Minh Hai in the south and Ha Nam Ninh in the north. It reached agreement with Vietnam on the target of 18,000 cubic meters of timber for export from now to early 1986. Of this, 6,000 cubic meters will be exported on 2 December 1985, the 10th national day of the Lao People's Democratic Republic.

This year's program for 50,000 cubic meters of log timber and 3,000 cubic meters of planks and more than 30,000 cubic meters of timber for export has been completed.

Many provinces and cities of Vietnam such as Hanoi, Ho Chi Minh City, Ha Nam Ninh and Quang Nam-Danang are stepping up preparation to set up joint ventures with Saravane, Sekong, Attapeu and Champassak provinces in Laos for timber exploitation and processing in the coming dry season.

/9604
CSO: 4200/194

INTERNATIONAL RELATIONS, TRADE, AND AID

UN DELEGATES SUPPORT DIALOGUE IN INDOCHINA

OW100801 Hanoi VNA in English 0705 GMT 10 Nov 85

[Text] Hanoi VNA 10 Nov--During the current general debate at the United Nations General Assembly on the "question of peace, stability and cooperation in Southeast Asia", representatives from many countries have blamed the tense situation in this region on the interference by imperialist and hegemonist forces.

They also voiced their support for the Indochinese countries' initiatives aimed at making Southeast Asia a region of peace, stability and cooperation.

The Hungarian head delegate, Ambassador Pal Racz, said that all disputes and conflicts between countries or groups of countries in the region must be settled by peaceful means in conformity with the principles of co-existence among countries having different social systems.

He noted that the common historical and cultural heritage, and the geographical and economic conditions in this region would enable countries lying within it to find a common ground to solve their outstanding questions.

He welcomed the talks already started between Vietnam and Indochina as well as the People's Republic of Kampuchea Government's readiness to talk with various Khmer groups with a view to national concord. He welcomed Vietnam's proposal to normalize its relations with China and its desire to solve bilateral questions with the United States.

The GDR head delegate, Ambassador Harry Ott, noted that the Kampuchea question is not a question of Southeast Asia, but rather a question caused by the successive interference in the internal affairs of the PRK by imperialist and hegemonist forces.

He welcomed the Indochinese countries' proposal for the convening of a regional conference. He also expressed satisfaction with the political talks that have begun between the two groups of countries.

The Soviet head delegate, Ambassador Oleg Troyanovskiy, said that the tension in Southeast Asia resulted from outside interference which has had serious consequences not only on this region but other parts of the world as well.

He welcomed the latest developments indicative of a growing understanding among countries in the region. He voiced his support for an international conference on Southeast Asia which would declare that Southeast Asia should become a region free of nuclear and chemical weapons.

Stanislaw Pawlak, representative of Poland, condemned the scheme pursued by a number of countries to reimpose the genocidal Pol Pot regime on the Kampuchean people.

Alberto Velazco, representative of Cuba, denounced the United States and its allies and client regimes for inciting confrontation between the ASEAN and the Indochinese countries.

The Afghan representative said that it is because of the imperialists and hegemonists' schemes and acts of aggression that Southeast Asia does not yet enjoy peace. He also denounced China's annexationist design against Vietnam.

Czechoslovak representative Bjornslav Kulawiec said that because Southeast Asia is of strategic importance the imperialists and reactionary forces have always sought to destabilize it. He stated that it is in the interests of the whole region that all the countries in the region should co-exist in peace and a political solution should be found through dialogue and negotiation.

The Bulgarian representative, Ambassador Boris Tsvetkov, condemned the outside forces for their frantic efforts to block the normalization of relations among Southeast Asian countries, and to use the "Kampuchea issue" to discredit Vietnam.

He called for the United Nations' contribution to creating an atmosphere of confidence and dialogue and putting an end to the attempt to seek a solution beneficial to only one side.

The Mongolian representative said that the cooperation among countries in Southeast Asia is an important factor to stabilize the situation. He welcomed the Indochinese countries' proposal to this effect.

/9738

CSO: 4200/230

INTERNATIONAL RELATIONS, TRADE, AND AID

UN ENVOY ON ISSUE OF PEACE IN SOUTHEAST ASIA

OW081934 Hanoi VNA in English 1453 GMT 8 Nov 85

[Text] Hanoi VNA 8 Nov--"The Vietnamese people have always done their best to struggle for peace, security and cooperation in Southeast Asia and for a lasting peace on earth," said Ambassador Le Kim Chung, acting head of the Vietnamese permanent mission to the United Nations, on 6 November at the UN General Assembly's debates on peace, security and cooperation in Southeast Asia.

He underlined the situation in Southeast Asia over the past 40 years, which, he said, is the only region in the world that has not enjoyed peace due to the war schemes and acts of the colonialist, imperialist and other international reactionary forces.

"Though discrepancy on concrete matters left by history still remains," Le Kim Chung pointed out similarities have appeared in recent years through proposals made by the two groups of countries in Southeast Asia as well as through the exchanges of views between two or many parties in the region.

Those similarities can be served as a basis for a political solution to problem in Southeast Asia including the Kampuchea question".

The Vietnamese representative recalled that the above-mentioned exchanges of views, especially the talks about Vietnam, on behalf of the Indochinese countries, and Indonesia, on behalf of the Asean countries, had produced encouraging results, thus opening up a process of dialogue leading to fair solutions to all regional problems. He highly valued efforts made for peace, security and cooperation in Southeast Asia by all countries inside and outside the region and the UN secretary general personally, he expressed his hope for the restoration of a traditional friendship between victims and China and the normalization of relations between Vietnam and USA.

"We hold that the talks between Vietnam and the united states on the MIA question and other issues of mutual interest as well as the resumption of the Vietnam-China talks on the normalization of relations between the two countries as proposed time and again by Vietnam will positively contribute to a firm and lasting political solution to Southeast Asia," Le Kim Chung said.

INTERNATIONAL RELATIONS, TRADE, AND AID

UNESCO DELEGATION HEAD WRITES IN NHAN DAN

OW020745 Hanoi VNA in English 0724 GMT 2 Nov 85

[Text] Hanoi, 2 Nov (VNA)--"There is no crisis of the UNESCO but only the scheme of some imperialist powers to reverse its progressive trend." That is asserted by Cu Huy Can, head of the Vietnamese delegation to the Council of the United Nations Educational, Scientific and Cultural Organization, in an article carried in the daily NHAN DAN today on the current session of this organization held in Sofia.

Cu Huy Can wrote: "Over the past 40 years, UNESCO has gradually changed along the common progressive trend of nations. The progress it has achieved in the conception of various problems of the world and in its concrete programs of actions have met to some extent the new and urgent demands of nations.

"Of course, UNESCO has not yet lived up to all the hopes people have placed in its programs but it is clear that this organization is the focus of many correct lines of thought and of many legitimate demands of nations.

"...The alliance among socialist and independent countries has provided a firm foundation for UNESCO's progressive trend. Vietnam has made positive and worthy contributions to this effect. In face of UNESCO's progressive trend, the imperialist forces have sought every means to lower its prestige, to downplay the role of Director General Amadou Mahtar m'Bow and to cull or at least to trim down many big programs of UNESCO. But it is very unlikely that the U.S. imperialists and their allies could succeed in this pernicious designs since these programs have the firm support of the majority of the member-countries.

"No doubt, UNESCO will continue to exist and carry out its work along the progressive trend. The socialist and developing countries are closely united in the safeguard of UNESCO's progress in order to make it an international organization serving the interest of all nations on earth."

/9604

CSO: 4200/194

INTERNATIONAL RELATIONS, TRADE, AND AID

PHAM VAN DONG HAILS WORLD YOUTH FEDERATION

OW081944 Hanoi VNA in English 1521 GMT 8 Nov 85

[Text] Hanoi VNA 8 Nov--Chairman of the Council of Ministers Pham Van Dong has warmly greeted the 40th anniversary of the World Federation of Democratic Youth.

In his message of greetings, the Vietnamese leader says:

"Over the past 40 years, the World Federation of Democratic Youth has untiringly strived for the noble objectives of the world democratic and progressive youth's movement. Promoting its glorious tradition, the SFDY today continues to rally and mobilize the youth on all continents to struggle against imperialism, which is feverishly stepping up the arms race and causing the danger of a nuclear war, for peace, national independence, democracy and social progress and for a bright future of the young generation on our planet. The brilliant success of the 12th festival of the World Youth and Students held in Moscow is the concrete and vivid manifestation of the great strength of the world youth in the common struggle "for solidarity against imperialism, for peace and friendship", the core of which is the WFDY.

"I take this opportunity to sincerely thank the WFDY and all democratic and progressive youth in the world for their solidarity with and valuable supports for the Vietnamese people in the past struggle against the imperialists and colonialists as well as in the national construction and defence at present.

"I wish the WFDY still greater successes in its noble cause".

/9738

CSO: 4200/230

INTERNATIONAL RELATIONS, TRADE, AND AID

LEADERS SEND BIRTHDAY MESSAGE TO DANIEL ORTEGA

OW101650 Hanoi VNA in English 1455 GMT 10 Nov 85

[Text] Hanoi VNA 10 Nov--Vietnamese party and state leaders today sent their best wishes to Daniel Ortega Saavedra, president of the Standing Committee of the Sandinist National Liberation Front leadership and president of the Republic of Nicaragua, on his 40th birthday.

The message, jointly signed by Le Duan, general secretary of the Communist Party of Vietnam Central Committee; Truong Chinh, president of the State Council; Pham Van Dong, chairman of the Council of Ministers; and Nguyen Huu Tho, chairman of the National Assembly, says:

"The Vietnamese people highly value your outstanding revolutionary activities. Together with the leadership of the Sandinist National Liberation Front, you led the Nicaraguan people to topple the Somoza dictatorial regime and win the historic victory on 19 July, 1979. At present, as president of the standing committee of the Sandinist National Liberation Front leadership and of the Republic, you are leading the Nicaraguan people to surmount all big difficulties and trials, foiling all schemes and acts of sabotage, intervention and invasion by the U.S. imperialists and their henchmen, firmly defending Nicaragua's national independence and sovereignty, and taking the Sandinist revolutionary cause constantly forward.

"The Vietnamese people remember forever your profound feeling toward their revolution as well as your big contributions to consolidating and enhancing the militant solidarity, fraternal friendship and cooperation between the peoples of our two countries.

"We avail ourselves of this opportunity to reaffirm the all-out support of the party, government and people of Vietnam to the heroic Nicaraguan people's national defense and construction. We wish you the best of health and still greater success in your noble mission".

/9738
CSO: 4200/230

INTERNATIONAL RELATIONS, TRADE, AND AID

BERLIN CEREMONY TO DECORATE GDR ARMY OFFICERS

OW081923 Hanoi VNA in English 1459 GMT 8 Nov 85

[Text] Hanoi VNA 8 Nov--Ten "military exploit" orders, 9 friendship orders and 30 friendship medals of Vietnam have been conferred on generals and officers of the National People's Army of the German Democratic Republic in recognition of their contributions to training Vietnamese officers and strengthening the friendship and militant solidarity between the two peoples and two armies of the GDR and Vietnam.

The representation was made in Berlin on 6 November by Vietnamese Ambassador to the GDR Tran Hoai Nam, who acted on behalf of the Vietnamese State Council and Council of Ministers, in the presence of senior Lieutenant General Horst Stechbarth, member of the Socialist Unity Party of Germany (SED) Central Committee, vice-minister of National Defense and Army commander; representatives of the GDR Foreign Ministry and the SED Central Committee's international department.

Ambassador Tran Hoai Nam sincerely thanked the party, government, people and Army of the GDR for their valuable and great support and assistance to the Vietnamese people in the past as well as at present.

On behalf of the recipients, Lieutenant-General H. Weisner, director of the Friedrich Engels Military Institute, expressed his deep gratitude toward the Vietnamese party and state for presenting the GDR generals and officers with the awards. He also stated that now as in the future, the GDR National People's Army would do its best to fulfill its international obligations and defend the fruits of socialism and peace.

/9738

CSO: 4200/230

INTERNATIONAL RELATIONS, TRADE, AND AID

LEADERS GREET ANGOLAN INDEPENDENCE DAY

OW101640 Hanoi VNA in English 1450 GMT 10 Nov 85

[Text] Hanoi VNA 10 Nov--Vietnamese party and state leaders extended their warmest greetings to Jose Eduardo Dos Santos, chairman of the People's Movement for the Liberation of Angola-Workers' Party and president of the People's Republic of Angola, on his country's 10th independence day (11 November).

The message, jointly signed by Le Duan, general secretary of the Communist Party of Vietnam Central Committee; Truong Chinh, president of the State Council; Pham Van Dong, chairman of the Council of Ministers; and Nguyen Huu Tho, chairman of the National Assembly, says:

"Over the past years, under the leadership of the party and government of the People's Republic of Angola headed by you, the heroic Angolan people have overcome many difficulties and trials, thwarting all schemes and acts of aggression by the South African racist regime abetted by imperialism and winning big achievements in national construction and defense. Together with the brilliant success of the recent foreign ministerial conference of the non-aligned countries held in Luanda, these achievements have heightened the prestige of the People's Republic of Angola in Africa, the non-aligned movement, and the world as a whole.

"On this occasion, we wish to reiterate the Vietnamese party, government and people's militant solidarity with and strong support for the Angolan revolution and sincerely wish the Angolan people many new and ever greater successes in making Angola a prosperous and happy country and in the defense of Angola.

"May the militant solidarity, friendship and cooperation between the parties, states and peoples of our two countries be further consolidated and developed".

On this occasion, Foreign Minister Nguyen Co Thach has also sent a message of greetings to his Angolan counterpart, Afonso Van-Dunem.

/9738

CSO: 4200/230

2 December 1985

INTERNATIONAL RELATIONS, TRADE, AND AID

VCP GUIDANCE ON MARKING LAO NATIONAL DAY

OWO20835 Hanoi VNA in English 0715 GMT 2 Nov 85

[Text] Hanoi, 2 Nov (VNA)—The Secretariat of the Communist Party of Vietnam Central Committee has issued an instruction on the celebration in Vietnam of the 10th national day of the Lao People's Democratic Republic (2 December).

The instruction stipulates that:

—"A month of Vietnam-Laos friendship activities" will be held from 5 Nov-5 Dec throughout Vietnam in order to publicize the great and all-round achievements recorded by the Lao people in the past 10 years under the correct leadership of the Lao People's Revolutionary Party; to expose the schemes and acts of the Chinese expansionists in collusion with the U.S. imperialists and other reactionary forces against the three Indochinese countries; to bring into prominence the correct stand and good will of Laos and the three Indochinese countries as a whole in striving for peace, stability and cooperation in the region; to make the Vietnamese people fully realize the great significance of the militant alliance between Vietnam, Laos and Kampuchea as well as Vietnam's international obligation towards the two fraternal countries, hence to constantly consolidate and strengthen the solidarity and comprehensive cooperation between the three countries and between the latter and the Soviet Union and other socialist countries.

--A grand meeting will be held on this occasion.

--Other activities such as meetings, talks, exhibitions, film shows, artistic performances will be held in Hanoi, Ho Chi Minh City and other localities and establishments.

/9604

CSO: 4200/194

INTERNATIONAL RELATIONS, TRADE, AND AID

BRIEFS

SOVIET JOURNALIST GROUP--Hanoi, 25 Oct (VNA)--A delegation of the Union of Journalists of the Soviet Union led by A.A. Ustinov, editor-in-chief of the daily PRAVDA of the Kazakh Soviet Socialist Republic, left here for Ho Chi Minh City today on a visit to southern Vietnam. While the delegation visited President Ho Chi Minh's home and office and toured several economic and cultural establishments in Hanoi and Haiphong. [Sentence as received] On 22 October, the Soviet journalists had a meeting with their Vietnamese colleagues, at the press centre in Hanoi where they presented awards to Vietnamese cameramen who had participated in the 1985 international press-photo contest held in Moscow. It had working sessions with the editorial boards of the army paper QUAN DOI NHAN DAN and VIETNAM NEWS AGENCY. In the afternoon of 24 October, Hoang Tung, secretary of the Communist Party of Vietnam Central Committee and president of the Vietnam Journalists Association, warmly received the Soviet guests. He thanked the Soviet journalists for their active contributions to strengthening the solidarity, friendship and cooperation between the peoples, especially the journalists, of the two countries. [Text] [Hanoi VNA in English 1458 GMT 25 Oct 85]

CSSR SUPREME COURT GROUP--Hanoi, 25 Oct (VNA)--A delegation of the Supreme Court of the Czechoslovak Socialist Republic led by Dr Josef Ondrej, president of the Czechoslovak Supreme Court, arrived in Hanoi on 23 October. The delegation, guest of the Supreme People's Court of Vietnam, was welcomed at the airport by Pham Hung, president of the Supreme People's Court, and other senior officials. Czechoslovak Ambassador Bohuslav Handl was present. [Text] [Hanoi VNA in English 1455 GMT 25 Oct 85]

AWARD TO BULGARIAN PROFESSORS--Hanoi, 27 Oct (VNA)--Vietnamese "Friendship" order has been awarded to a Bulgarian University and 17 professors and educationists in recognition of their great contribution to training Vietnamese science cadres and technicians. The presentation was made in Sofia on 14 October by Vietnamese Ambassador to Bulgaria Hoang Trong Nhu in the presence of Bulgarian Minister of Education Aleksandur Pol. [Text] [Hanoi VNA in English 1502 GMT 27 Oct 85]

CONGRATULATIONS TO IVORY COAST--Hanoi VNA 11 Nov--President of the State Council Truon Chinh today extended his congratulations to His Excellency Felix Houphouet Boigny on his re-election as president of the Republic of Ivory Coast. [Text] [Hanoi VNA in English 1514 GMT 11 Nov 85]

CMEA GEOLOGY MEETING--Hanoi, 30 Oct (VNA)--The 50th conference of the standing committee of the Council of Mutual Economic Assistance on cooperation in the field of geology was opened this morning in Ho Chi Minh City. Participating in the conference are 10 delegations of the CMEA member countries including Bulgaria, Poland, Hungary, the German Democratic Republic, Romania, Mongolia, Czechoslovakia, Cuba, the Soviet Union and Vietnam. Also present at the conference are the delegates of the People's Democratic Republic of Yemen and the People's Democratic Republic of Laos who act as observers. The delegation of Yugoslavia is also present in furtherance of an agreement signed between the CMEA and Yugoslavia. Before the opening of the conference, Tran Quynh, member of the Communist Party of Vietnam CC and vice chairman of the Council of Ministers of Vietnam, had a cordial meeting with the delegates to the conference. [Text] [Hanoi VNA in English 1505 GMT 30 Oct 85]

U.S. REFUSAL OF VISAS--Hanoi, 30 Oct (VNA)--NHAN DAN today says that the United States' refusal of visas to the representatives of the PLO and SWAPO to attend the celebration of the 40th anniversary of the United Nations proves that all the allegations of the U.S. president at the ceremony were just a web of lies and distortions. The paper says: "Together with conniving at the Zionists' bombing of the office of the PLO in Tunis and at other criminal acts of Israel in the Middle East and of the racist administration in South Africa, this shows that the United States continues to abet its client regimes in grossly trampling upon basic human rights and violating the sacred fundamental national rights of the peoples in the Middle East and southern Africa. But the most hostile act of the U.S. against the PLO and the SWAPO cannot diminish the role and position of these two organizations on the international arena. On the contrary, it shows Washington and its lackeys' growing concern over the indispensable role of PLO--the sole and authentic representative of the Palestinian people--well as the role of SWAPO--the sole, authentic and legitimate representative of the Namibian people in any political solution to the Palestinian and Namibian issue. [Text] [Hanoi VNA in English 0707 GMT 30 Oct 85]

PRK CIRCUS PERFORMANCE--Hanoi, 1 Nov (VNA)--A 40-member circus troupe of Kampuchea headed by Hang Soth gave its premiere on a performance tour of Vietnam this evening at the municipal theatre. It was attended by Hoang Tung, secretary of the Communist Party of Vietnam Central Committee, Nguyen Van Hieu, minister of culture, and leading members of various Hanoi and central offices. [Text] [Hanoi VNA in English 1542 GMT 1 Nov 85]

SYMPATHY MESSAGES FROM CEAUSESCU, IRAN--Hanoi, 1 Nov (VNA)--Romanian President Nicolae Ceausescu has expressed "deep sympathy" to State Council President Truong Chinh over the heavy losses in lives and property to the Vietnamese people by the recent big storms. He said he was "deeply moved at the reports in his message of sympathy that the recent storms and floods had caused many human and material losses to the Vietnamese people." [Sentence as received] Iranian Foreign Minister Ali Akbar Velayati has also sent a message of sympathy to his Vietnamese counterpart Nguyen Co Thach. [Text] [Hanoi VNA in English 1524 GMT 1 Nov 85]

SRV GREETINGS TO POLAND--On the occasion of your election as chairman of the National Assembly of the Polish People's Republic, on behalf of the SRV National Assembly and in my own name, may I extend to you my warmest congratulations. I hope that the friendly relations, militant solidarity, and all-round cooperation between the national assemblies and peoples of Vietnam and Poland will ceaselessly consolidate and successfully develop. I wish you good health and many achievements in your noble mission. ["Recent" congratulatory message from National Assembly Chairman Nguyen Huu Tho to Poland's Roman Malinowski] [Text] [Hanoi Domestic Service in Vietnamese 1430 GMT 9 Nov 85]

SOVIET RELIEF AID--Hanoi VNA 9 Nov--A ceremony was held here today to receive relief aid and from the Union of Red Cross and Crescent Societies of the USSR to the storm and flood victims in Binh Tri Thien Province, Central Vietnam. The relief included 7,383 kg of medicine, milk, blankets and canvas tents. Present at the ceremony were Vu Thang, member of the Communist Party of Vietnam Central Committee and secretary of Binh Tri Thien Party Committee; Do Thi Tai, head of the Committee for a Reception of Foreign Aid, representatives of the Foreign Ministry and the Red Cross. Representatives of the Soviet Embassy and the Soviet-Vietnamese Friendship Society in Vietnam, were present. [Text] [Hanoi VNA in English 1525 GMT 9 Nov 85]

UN SPECIAL ENVOY--Hanoi VNA 9 Nov--Tatsuro Kunugi, special envoy of the United Nations secretary general on humanitarian relief for Kampuchea, paid a visit to Vietnam from 7-9 November. While here, he was received by Vice Foreign Minister Hoang Bich Son with whom he discussed matters of mutual concern. T. Kunugi expressed satisfaction over the result of his Vietnam visit. [Text] [Hanoi VNA in English 1532 GMT 9 Nov 85]

GREETINGS TO POLAND'S MESSNER--On the occasion of your election as chairman of the Council of Ministers of the Polish People's Republic, may I extend to you my warmest congratulations. I hope that the fraternal friendship, militant solidarity, and all-round cooperation on the basis of Marxism-Leninism and socialist internationalism between the two parties, governments, and peoples of Vietnam and Poland will ceaselessly consolidate and successfully develop in the interests of the two peoples and of the cause of peace, democracy, and socialism in the world. I wish you good health and many achievements in your noble mission. [Congratulatory message from Chairman of the Council of Ministers Pham Van Dong to Poland's Zbigniew Messner--date not given] [Text] [Hanoi Domestic Service in Vietnamese 1430 GMT 9 Nov 85]

IRAQI OFFICIAL RECEIVES MINISTER--Hanoi VNA 9 Nov--Taha Yasin Ramadan, first deputy premier of the Republic of Iraq, received in Baghdad on 5 November Nguyen Canh Dinh, Vietnamese minister of water conservancy, who has been there for a friendship visit and to attend the opening of the international fair in Baghdad. The Iraqi official appreciated

Vietnam's participation in the fair and expressed his wish that the two countries would increase the exchange of visits and further promote their friendly relations and multi-faceted cooperation. He asked the Vietnamese minister to convey his regards to Vietnamese chairman of the Council of Ministers Pham Van Dong and his assurance of Iraq's hope to develop the friendship and cooperation with Vietnam, and convey Iraqi President Saddam Husayn's greetings to Vietnamese State Council [Chairman] Truong Chinh. [Text] [Hanoi VNA in English 1514 GMT 9 Nov 85]

USSR-BUILT SCHOOL--Hanoi VNA 10 Nov--The general corporation for the building of the Hoa Binh hydro-electric power plant on the Da River has held a ceremony to mark the completion of the first phase of construction of the Vietnam-USSR Technical workers' school built with Soviet assistance at the construction site of the plant. The school furnished with modern machinery and equipment can annually enroll 800 students of different vocations and trades. After graduation, they will work at the Hoa Binh hydro-electric power plant or other construction sites in the country. Parts of its classrooms, workshops and students' hostel installed on an area of 11,000 square meters were put into use after the first phase of construction. [Text] [Hanoi VNA in English 0727 GMT 10 Nov 85]

USSR-AIDED PLANT--Hanoi VNA 5 Nov--The Ministry of engineering and Metals yesterday held a ceremony to mark the completion of the first phase of construction of the Song Cong diesel engine plant which is being built in Bac Thai Province with Soviet assistance. The Song Cong diesel plant is Vietnam's biggest of its kind with an annual designed capacity of 2,000 55-h.p. engines. The plant consists of three major sectors: The diesel sector, the foundry and the supporting facilities. Present on the occasion were Nguyen Van Kha, minister of engineering and metals, representatives of the complete equipment import corporation of the Ministry of Foreign Trade and local officials. Soviet Ambassador B. N. Chaplin and Soviet experts at the plant also attended. [Text] [Hanoi VNA in English 0723 GMT 5 Nov 85]

ENVOY HELPS IN HARVEST--Hanoi VNA 5 Nov--Ambassador Kim Chong-song and other members of the Embassy of the Democratic People's Republic of Korea in Hanoi yesterday joined the Vietnamese farmers in harvesting autumn rice at the Vietnam-DPRK friendship agricultural cooperative in Xuan a village, Tu Liem district, outskirts of Hanoi. Representatives of the Vietnamese Foreign Ministry and the Vietnam-DPRK Friendship Association also took part in the work. [Text] [Hanoi VNA in English 1453 GMT 5 Nov 85]

PARTICIPATION IN BAGHDAD FAIR--Hanoi VNA 8 Nov--Vietnam has participated in the 22nd international fair opened on 1 November in Baghdad, Iraq, with the display of its various traditional articles. Vietnamese Minister of Water Conservancy Nguyen Canh Dinh attended the opening

ceremony. Talks were held between Minister Nguyen Canh Dinh and Hasan 'Ali, minister of trade and member of the Iraqi Revolutionary Command Council. The two officials noted with joy that the economic and commercial relations between Vietnam and Iraq have been constantly consolidated and developed. They agreed that the economic and technical cooperation between the two countries should be further promoted. [Text] [Hanoi VNA in English 0704 GMT 8 Nov 85]

EDUCATION DELEGATION VISITS CAMBODIA--Hanoi VNA 10 Nov--A delegation of the Vietnamese Ministry of Education headed by its Vice Minister Prof. Dr. Nguyen Canh Toan, has paid a friendship visit to the People's Republic of Kampuchea at the invitation of the Kampuchean Ministry of Education. While there, the delegation exchanged experience with the host ministry of the works of training teacher and managerial cadres for general education schools. It visited several schools and teachers training colleges in Phnom Penh and Kandal Province, including the Phnom Penh Teachers' College where many Vietnamese professors and teachers have been invited to give lectures. The delegation had working sessions with Pen Navuth, alternate member of the People's Revolutionary Party of Kampuchea Central Committee and minister of Education. It was warmly received by Chea South, member of the Political Bureau of the PRPK Central Committee and vice chairman of the Council of Ministers. [Text] [Hanoi VNA in English 1500 GMT 10 Nov 85]

ANTONOV RELEASE--Hanoi VNA 9 Nov--In an article published in the daily NHUN DAN TODAY, Luu Van Loi, chairman of the Vietnam Committee for the Release of B. Antonov, said that his retrial by the Italian court is a political provocation. Luu Van Loi quoted the Bulgarian news agency BTA as saying that M. A. Aga, the confirmed assassin had declared in an interview with the Italian television that he did the job all by himself and did not conspire with anyone. "Yet," the author continued, "three and a half years later, magistrate Ilario Martella stated that the Pope was shot at by two men." "In the legal respect," Luu Van Loi asserted, "the Antonov case is a flagrant violation of law since his arrest and prosecution are completely without reason or evidence. It also is a violation of the fundamental rights of this Bulgarian citizen, politically speaking, this is a gross fabrication aimed at discrediting the Soviet Union, Bulgaria and other socialist countries, and a political provocation in the interests of the U.S. imperialists and their associates." The Italian judiciary must set free Antonov immediately that's the demand of justice, the author concluded. [Text] [Hanoi VNA in English 0757 GMT 10 Nov 85]

CABLE TO ANGOLAN COUNTERPART--Hanoi VNA 11 Nov--Foreign Minister Nguyen Co Thach today sent a message of greetings to his Angolan counterpart Alfonso on the occasion of the 10th anniversary of the establishment of diplomatic relations between the socialist Republic of Vietnam and the People's Republic of Angola. (12 Nov) In his message, the Vietnamese foreign minister wished for further consolidation and development of the militant solidarity, friendship and cooperation between the two countries. [Text] [Hanoi VNA in English 1508 GMT 11 Nov 85]

CSSR DELEGATION VISITS HANOI--Hanoi, 1 Nov (VNA)--A delegation of the Supreme Court of the Czechoslovak Socialist Republic led by its president Dr Josef Ondrej paid a friendly visit to Vietnam from 23 October to 1 November at the invitation of the Vietnam Supreme People's Court. While here, it had working sessions with the host organization and the people's courts in Hanoi and Haiphong. The guests were cordially received by leading members of the ministries of interior and justice, the Supreme People's Organ of Control and the Vietnam Lawyers' Association, and made a tour of Ho Chi Minh City. They were received on 29 October by Nguyen Huu Tho, chairman of the National Assembly and vice-president of the State Council. With Nguyen Huu Tho were Pham Hung, president of the Vietnam Supreme People's Court, and Czechoslovak Ambassador Bohuslav Handl. [Text] [Hanoi VNA in English 1521 GMT 1 Nov 85]

ALGERIAN AMBASSADOR HOSTS RECEPTION--Hanoi, 1 Nov (VNA)--The Algerian ambassador and Mrs Seferdjeli Assa gave a reception here today on the occasion of the 31st anniversary of the revolution of the Algerian people (1 November). Present on this occasion were General Vo Nguyen Giap, vice chairman of the Council of Ministers; Phan Anh, vice chairman of the National Assembly; Hoang Quoc Viet, honorary president of the Vietnam Fatherland Front Central Committee; Vu Quang, head of the International Department of the Communist Party of Vietnam Central Committee; Hoang Bich Son, deputy foreign minister; Lt Gen Vu Xuan Chiem, vice defence minister, and others. [Excerpt] [Hanoi VNA in English 1611 GMT 1 Nov 85]

BULGARIAN JOURNALISTS' GROUP--Hanoi, 2 Nov (VNA)--A delegation of the Bulgarian monthly NOVO VREME led by Prof Peko Dimitrov paid a 10-day visit from 24 October to Vietnam at the invitation of the editorial board of the CONG SAN (Communist) review. It was cordially received on Friday by Vu Quang, member of the Communist Party of Vietnam Central Committee and head of its international department. The Bulgarian guests left for home today. [Text] [Hanoi VNA in English 0714 GMT 2 Nov 85]

USSR SPORTS GIFT--Hanoi VNA 9 Nov--The Soviet Committee for Physical Culture and Sports has given a quantity of sport gear, including balls, sport shoes, chess clocks etc, as gifts to the Vietnamese general department of sports and physical training. The token hand-over was made here yesterday in the presence of Mai Van Muon, deputy head of the Vietnamese general department; Raonf Mamed Ogly Ali-Zade [spelling of name as received], counsellor of the Soviet Embassy here; and V. Khototroki, representative of the Soviet committee. Mai Van Muon took the opportunity to express sincere thanks to the Soviet organization for its effective assistance. R. M. O. Ali-Zade and V. Khototroki warmly acclaimed the success of Vietnam's first national Spartakiads and expressed their hope that the fraternal cooperation between the two peoples and two branches would be further developed. [Text] [Hanoi VNA in English 0740 GMT 10 Nov 85]

ALGERIAN SUPPORT FOR SRV--Hanoi VNA 7 Nov--"Algeria has unswervingly supported the Vietnamese people's just revolutionary cause," said Algerian President Chadli Bendjedid in his meeting in Algiers, on 6 November with Le Tan, Vietnamese ambassador extraordinary and plenipotentiary to the democratic and popular Republic of Algeria.

The Algerian president expressed his joy over the fine development of the cooperative and friendly relations between the two countries and highly praised the working spirit of Vietnam workers and cadres in Algeria. He also asked the Vietnamese ambassador to convey his regards to the Vietnamese party and state leaders. Earlier, president of the Algerian National Assembly Rabah Bitat [spelling of name as received] and chairman of the Council of Ministers Abdelhamid Brahimi had cordially received the Vietnamese official. [Text] [Hanoi VNA in English 0734 GMT 8 Nov 85]

NEWSPAPER EDITORS MEET--Hanoi VNA 8 Nov--Editors-in-chief of the army newspapers of Kampuchea, Laos and Vietnam recently met in Hanoi. Tran Cong Man, Rosavan and Khamvisay, respectively editor-in-chief of the Vietnamese army paper, the Kampuchean army paper, and the Lao army paper, exchanged views on their coordination in the information and propaganda as well as on their mutual assistance and cooperation in order to contribute to strengthening the special solidarity, friendship and militant among the peoples and armies of Kampuchea, Laos and Vietnam. [Text] [Hanoi VNA in English 1504 GMT 8 Nov 85]

GREETINGS TO POLISH COUNTERPARTS--Hanoi VNA 9 Nov--State Council President Truong Chinh, chairman of the Council of Ministers Phan Van Dong and National Assembly Chairman Nguyen Huu Tho have extended their warmest congratulations to their Polish counterparts on the occasion of their election to their new posts. The message from President Truong Chinh to President Wojciech Jaruzelski and from Chairman Pham Van Dong to Chairman Zbigniew Messner wished for constant consolidation and development of the fraternal friendship, militant solidarity and comprehensive cooperation on the basis of Marxism-Leninism and socialist internationalism between the two parties, governments and peoples, in the interests of the two peoples, and the cause of peace, democracy and socialism the world over. The message from Chairman Nguyen Huu Tho to National Assembly Speaker Roman Malinovaski wished for constant consolidation and development of the friendship, militant solidarity and comprehensive cooperation between the national assemblies and peoples of Vietnam and Poland. [Text] [Hanoi VNA in English 1535 GMT 9 Nov 85]

/9738

CSO: 4200/230

PARTY ACTIVITIES AND GOVERNMENT

ARMY PAPER REVIEWS HOANG VAN THAI'S MEMOIRS

BK291535 Hanoi QUAN DOI NHAN DAN in Vietnamese 3 Oct 85 p 3

[Review by Tran Ly of Senior General Hoang Van Thai's memoirs entitled "The Decisive Years and Months"]

[Text] Senior General Hoang Van Thai's memoirs deal with the talented strategy of the party, primarily the party Central Committee's Political Bureau, during the last years of the anti-U.S.-puppet war from 1973 to 1975. No sooner was the Paris agreement signed than a series of important strategic problems were raised by us: How is the situation likely to develop (will peace be consolidated or will war happen again on an increasingly larger scale)? How should we strengthen our position while weakening the enemy with every passing day? How are we to defeat 1 million or more enemy troops to liberate the south and unify the country?

Historic data on both the enemy side and ours are objectively and faithfully recalled in the 300-page memoirs in which Senior General Hoang Van Thai introduces readers to the past course of developments and the factors in our victory and the enemy's defeat in the battle of wits and forces in the last years of the struggle against the United States for national salvation.

Following 30 April 1975, when "the Saigon event" ended, many U.S. and Western generals, statesmen, and historians were unable to answer completely and accurately the questions: Why did the Vietnamese troops and people win? and: Why were the United States and its henchmen defeated? In the strategic plan for the stage ending the war, the executive committee of our party Central Committee Political Bureau foresaw the total liberation of the south in 1975-76 (the possibility of prolonging it to the spring of 1977 was not ruled out). However, in only 2 months or so, using three strategic blows, our troops and people eradicated and disintegrated 1 million enemy soldiers, smashed their administration at all levels, and caused the neo-colonialist future strenuously built by the United States and its lackey for 20 years to collapse totally.

Quite a number of papers and books have dealt with the various aspects of the great spring victory. In the book "The Decisive Years and Months" the author focuses on the collective activities of the resistance leadership

from the party Central Committee, its Political Bureau, and its Military Commission to the various strategic organs of the party with a view to asserting the "marvelous strategic leadership of the supreme command." Nevertheless, the author does not stop with the activities of the leading war organs only. The book helps the readers see clearly that the correct strategic guidance of the party was profoundly imbuing each person from the great northern rear to the great southern frontline, thus multiplying by manyfold the integrated strength of people's warfare. The northern people devoted all their manpower and wealth to aiding the frontline and resolved to cooperate with their southern kin to win the final victory in the confrontation with an enemy whose personnel strength was numerous and whose equipment was strong. Using their intelligence, creativity, and battle-hardened ability, the leaders and commanders of all ranks in all military regions and army corps outstandingly carried out the strategic resolution of the supreme command, instilling in every fighter on the battlefield the time-honored tradition of taking the enemy by surprise with the first attack and completely defeating it with the second.

Reading through the pages of the book, the readers can see that the author is very pleased with the sweeping events that took place in March 1975. "What I remember most deeply were the conferences of the Political Bureau and the party Central Committee's Military Commission--the meetings that formulated the ways for our troops to win one victory after another in March and also for the entire people to gain complete victory in late April."

The author recalls in detail the course of events that led to the conferences held on 11, 18, 25, and 31 March. This was a process of going from the determination to win victory in 1975, to the determination to win victory before the rainy season and then, to the determination to win victory no later than in April. The author writes: "In all my fighting life, never before had I lived so many days of repeated victories as during that memorable March when our strategic determination was revised four times so as not to miss any opportunities. While formulating its basic 2-year plan for submission to the party Central Committee's Military Commission and the Political Bureau, the General Staff had not envisaged that the battlefield situation would change that rapidly. Complete victory came so swiftly that it totally surprised all original projections of the very organ that formulated the strategic plan.

The basic factor leading to the repeated victories in March and the possibility of "total victory" in April was that the supreme command had promptly made use of the new factors as they emerged on the battlefield and correctly judged that the strategic opportunity was ripening at an extremely rapid rate. Consequently, it decided to "push ahead" with the rising general offensive and uprising movement to smash the enemy's design to shrink back and regroup strategically and promptly mobilized the entire country's efforts with lightning speed to win final victory during the campaign that was named after great Uncle Ho.

Victory came earlier than expected; this is a historical fact. The author points out in his book, however, that this was made possible only by the party's resourcefulness. While actively setting up new positions and building new forces in 1973-74 and correctly assessing the Thieu administration's weak and strong points as well as the United States' increasingly limited ability to intervene, the Political Bureau and the party Central Committee's Military Commission had foreseen that the situation might change unexpectedly; and consequently, when the strategic opportunity presented itself, they took the bold initiative of striving for swift victory, thus allowing no time for the puppets to react and the United States to intervene.

The talented leadership of the Political Bureau and the party Central Committee's Military Commission and the creative organizational and operational capabilities of the various organs of the Ministry of National Defense and the General Staff as displayed during the last years of the war constitute the main theme which the author wants to present truthfully to readers of his book.

/6091

CSO: 4209/83

PARTY ACTIVITIES AND GOVERNMENT

BRIEFS

LEADERS VISIT LENIN MONUMENT--Hanoi, VNA, 6 Nov--A delegation of the Communist Party of Vietnam Central Committee, the National Assembly, the State Council and the Council of Ministers this morning paid a floral tribute at V. I. Lenin monument in Hanoi, on the occasion of the 68th anniversary of the great October Socialist Revolution. The delegation included Vo Chi Cong, political bureau member and secretary of the CPV CC; Do Muoi, political bureau member of the CPV CC, vice chairman of the Council of Ministers; Hoang Tung, secretary of the CPV CC; Le Thanh Nghi, member of the CPV CC, vice president and general secretary of the State Council; Nguyen Xien, vice chairman of the National Assembly; Vu Quang, member of the CPV CC and head of its international department, and Hoang Binh Son, deputy foreign minister. Soviet ambassador to Vietnam B. N. Chaplin was also present. The same day, a delegation of the Vietnam Fatherland Front Central Committee headed by its honorary president Hoang Quoc Viet, presidium president Huynh Tan Phat and a delegation of the Hanoi party and people's committees led by Le Van Luong, member of the CPV CC and secretary of the Hanoi Party Committee, also paid floral tributes at the monument. [Text] [Hanoi VNA in English 1554 GMT 6 Nov 85]

GREAT OCTOBER REVOLUTION ANNIVERSARY--Hanoi, VNA, 7 Nov--A meeting was arranged in Ho Chi Minh City yesterday evening in celebration of the 68th anniversary of the Great October Revolution. The meeting, jointly sponsored by the local party and people's committees, Fatherland Front and Committee for Solidarity and Friendship with Other Peoples, was attended by Phan Van Khai, member of the Communist Party of Vietnam Central Committee, deputy secretary of the City Party Committee and chairman of the People's Committee; Le Van Triet, alternate member of the CPV Central Committee, and other officials of the city and representatives of the local populations. The consuls general of the Soviet Union and other socialist countries in Ho Chi Minh City also attended. Le Van Triet and the Soviet consul general spoke at the meeting. Also yesterday and in Ho Chi Minh City, the Vietnam general rubber department and the central economic management school held meetings to mark this great anniversary. [Text] [Hanoi VNA in English 0745 GMT 8 Nov 85]

HANOI EXPANDS CPV MEMBERSHIP--Hanoi VNA 5 Nov--Grassroots party committees in Hanoi have over the past nine months admitted more than 3,000 outstanding workers, farmers and intellectuals to the Communist Party of Vietnam, up by nearly two percent compared to the same period last year. Of the new party members, 52.7 percent are members of the Ho Chi Minh Communist Youth Union and about 30 percent are factory workers. The number of new party members among workers increased by 49.8 percent in Dong Anh District, 42.4 percent in Hai Ba Trung Precinct, 37 percent in Hoan Kiem Precinct and 35.5 percent in Dong Da Precinct. [Text] [Hanoi VNA in English 0715 GMT 5 Nov 85]

WOMEN UNION CADRES TRAINED--Hanoi VNA 9 Nov--More than 500 women cadres were trained in 1984 and 1985 for the grassroots women union organizations in the central highlands Province of Darlac. Fifty percent of these are of various ethnic minority groupings. Refresher courses were opened especially in the districts of Dak Nong, Krong Ana and Ma Brak for local women cadres, many of them, when graduated, were promoted leading posts at various offices and organizations in the locality. [Text] [Hanoi VNA in English 0756 GMT 10 Nov 85]

/9738

CSO: 4200/230

ECONOMIC PLANNING, TRADE, AND FINANCE

POLICY OF ADJUSTING PRICES, WAGES DISCUSSED

Hanoi NHAN DAN in Vietnamese 24 Sep 85 pp 1, 2

[Article: "Fully Understand the Basic Viewpoints of Resolution 8: Do a Good Job of Carrying Out the Policy of Adjusting Prices and Improving the Salary System"]

[Text] The connecting thread:

Implementing the resolution of the Eighth Plenum of the Party Central Committee, following the issuing of new bank notes and the replacement of the currency unit, the state promulgated a new salary system and adjusted the state price system.

In order to do a good job of carrying out those policies we must fully grasp the basic viewpoints of Resolution 8 and the application of those viewpoints to adjusting prices and salaries so that they can be appropriate to the actual situation of our country at present.

The basic viewpoints, connecting threads which run through the resolution of the Eighth Plenum of the Party Central Committee may be summarized as follows: resolutely eliminating the bureaucratic, subsidizing mechanism and changing over entirely to economic accounting and socialist commerce on the basis of making plans the central concern. The decisive factor in achieving that transformation is eliminating bureaucratism and subsidizing in prices and salaries.

The complete change over of the economic management mechanism from bureaucratism and subsidizing to economic accounting and socialist commerce on the basis of making plans the central concern is an innovation of revolutionary significance and has a strategic significance and has a strategic nature with regard to economic management. It is a strong, profound reorientation in the stands and policies of our Party, with regard not only to prices and salaries but also with regard to commerce, finance, currency, the planning mechanism, and economic management.

The principal contents of that transformation include the following:

First, a change over from guiding the economy essentially by administrative orders along the lines of bureaucratic centralism to the correct implementation of the principle of democratic centralism, ensuring joint mastery by all three levels--the central, local, and basic levels--and, especially, ensuring the right of the economic organizations and the basic production and commercial units to take the initiative. The close combination of economic, administrative, and educational measures, among which economic measures play the principal role, is manifested in the economic policies, correctly resolves the relationship among the various interests, and creates a strong motive force for all economic activities.

It is necessary to stress that bureaucratic centralism not only restricts the lower echelon but reduces the effectiveness if the unified, centralized management of the central echelon. Therefore, changing over to the correct implementation of democratic centralism, is intended both to bring into play the initiative and creativity of the lower echelon and to ensure that the central echelon firmly grasps the aspects and tasks requiring centralized, unified management.

Guiding the economy primarily by means of administrative orders not only weakens, or even eliminates, the motive force of all economic activities but also reduces the effectiveness of laws and administrative discipline. Therefore, to change over to relying primarily on economic measures is to create conditions for increasing the role and effectiveness of the administrative and educational measures.

Second, changing over from planning and economic-social management solely on the materials allotment and goods delivery system, which is heavy on in-kind relationships, pays little attention to the law of value, and is apart from or even in opposition to the market, to the implementation of a mechanism to ensure unity between the planned nature and commodity nature of the economy, and taking the initiative in applying the objective laws of the commodity-money relationship in unity with the economic laws of socialism. We affirm that planning is the center of the management system. But planning along centralized bureaucratic, subsidized lines cannot play the central role. It is necessary to correctly apply the objective laws, not only the socialist economic laws but also the laws of commodity production and the other laws which still have conditions for existing in a multi-component economy. In that spirit, it is necessary to know how to make proper use of direct planning and indirect planning, along with the economic lever policies and a rational use of such levers as prices, salaries, taxes, credit, etc. It is necessary to take the initiative in applying the commodity-money relationships and their operational laws in planning and enable production to match needs and the market, for only then is it possible to truly implement economic accounting and socialist commerce.

Third, the elimination of subsidization in the price and salary policies, in the issuing of capital, and in some public welfare systems which are beyond the economic-financial capabilities, and financial capabilities, and changing over to a new mechanism demands that the use of property, capital, materials, labor, etc, be calculated and economically effective and be tied in with responsibility and material benefit, and that the payment of salaries be tied

in with the results of labor. On that basis, all production and commercial organizations must meet all of their expenses and accumulate capital for themselves and the national economy.

Those aspects are closely interrelated, one is a precondition for another, and all have the core content of changing over from management that is based to a large extent on subjective desires and is removed from reality to an economy based on the correct application of the objective laws in a manner appropriate to the economic-social situation in the initial phase of the period of transition to socialism.

The reorientation in accordance with those contents demands the renovation of all aspects of the management mechanism: the planning mechanism, the economic cost accounting system, and the economic lever policies and the mechanism for utilizing them. It is also necessary to transform the entire management apparatus and the cadres. Those matters cannot be separated from the reorganization of social production and the creation of a rational economic structure.

A complicated, difficult process:

The elimination of the bureaucratic, subsidizing mechanism is not a simple task because it has penetrated deeply and taken root over a period of many years, and has become a habit in thought and the method of livelihood, and has penetrated deeply into our entire system of management systems, policies, and regulations. To eliminate it, it is necessary to create a new management mechanism. That task is even more difficult because we are still weak with regard to organization and management levels and because we have no model to follow. The fraternal socialist countries, which are far ahead of us, are also having to search around and experiment in order to improve their management mechanisms. Resolution 8 delineated guidance thoughts of a directional nature and signified a step forward in the maturization of our Party and state with regard to economic thought. But a long process will be required from that turning point to the creation and perfection of a new management mechanism, one which demands that we continually improve our knowledge of, and apply, the economic-social laws, and especially that we closely monitor the actual situation, promptly discover the factors, and grasp and recapitulate experiences in actual economic activities. The revolutionary undertaking in the economy will not be accomplished by the superior thinking of economists but by the actual activities of the masses. The seething mass campaign in the economic-social sphere in past years, especially in the recent period, contributed decisively to helping the Party and the Central Committee issue Resolution 8. In order to do a good job of implementing Resolution 8 we must also rely solidly on the cadres, party members, and popular masses. Recommending new economic policies, measures, and forms based on the actual situation, then trying them in actual activities (on a large scale or a small scale, depending on each problem), and by that means further supplementing and perfecting them, is the best, quickest way to form the new management mechanism.

While fully evaluating the complicated nature of the task of eliminating the bureaucratic, subsidizing mechanism and creating a new management mechanism,

in order to avoid subjectivism and impatience we must also realize that the management mechanism did not fall down from heaven. We created it. Therefore, its renovation is entirely up to us and is not dependent on conditions outside our country. Whether the renovation process is rapid or slow, long or short depends on our subjective efforts. Therefore, we must have a high degree of determination, resolutely correct what we see is wrong, resolutely carry out what we see is correct, be careful but dynamic, and not be hesitant or conservative. That spirit must be manifested first of all in handling the matters of prices, salaries, and money in accordance with the viewpoints of Resolution 8.

Eliminate bureaucratism and subsidization in prices and salaries:

Among a whole series of problems that must be resolved to change over entirely to economic accounting and socialist commerce, Resolution 8 of the Party Central Committee determined that the key task is eliminating bureaucratism and subsidization in prices and salaries.

On the one hand, the bureaucratic, subsidizing mechanism, especially subsidization, is manifested most concentratedly, directly, and seriously in prices and salaries. On the other hand, to change over to cost accounting and socialist commerce is to implement a planning mechanism under the conditions of a commodity economy. Therefore, the decisive condition is to have price and salary policies that are in accord with value. Only then can there be accurate cost accounting and only then will it be possible to tie in the responsibility and material interests of the economic organizations with regard to the effectiveness of production and commerce.

We must clearly understand the significance of the "breakthrough" aspect. In military terms, a breakthrough is made to attack the center, to occupy the entire battlefield. Prices and wages are regarded as a "breakthrough" aspect because they constitute the first step in changing the economy over to cost accounting and socialist commerce. The results of the resolution of prices and salaries must be manifested in changing over the economic organizations to true cost accounting and socialist commerce. During the recent period the implementation of the policies of paying salaries in money, of uniform commercial prices, and of including salaries in production costs (which we refer to in brief as "price supplements to salaries") have brought about many positive results because they have created conditions for commerce to truly change over to business, and on that basis strengthen market management and do a better job of serving the lives of the people. They have enabled salary owners to regain the initiative and have more stable living conditions, while at the same time working with greater enthusiasm and discipline. They also exert a certain effect on production but no serious problems have arisen.

When the price and salary systems are adjusted production must truly change over to cost accounting if it is to be appropriate to the new price and salary levels. That transformation is encountering major obstacles because the management because the production management mechanism has not yet ensured that the enterprises can take the initiative in production and commerce. The resolution of the Eighth Plenum of the Party Central Committee opened the door, so the current policies and regulations regarding planning, prices,

materials, finances, banking, etc, must be amended in order to resolve problems at the basic level and allow it to assault to master the battlefield, production, and the market. If we do not change over rapidly to economic accounting and socialist commerce, or allow the basic level and the enterprises to take the initiative to an appropriate degree, we will fall into a situation of bureaucratism and subsidization with regard to the new price structure.

Thus the adjustment of prices and salaries must be tied in with a changeover to cost accounting and socialist commerce, and with ensuring the right of the basic level to take the initiative in production and commerce, for only that will truly amount to a "breakthrough" in accordance with the profound revolutionary contents of Resolution 8.

Resolution 8 set forth the major principles, policies, and measures for the adjustment of the price system, the amendment of the price management mechanism, and the improvement of the salary system, and requirements regarding the improvement of the financial work and monetary circulation, tied in with the adjustment of prices and salaries.

From now on the economy will operate on the basis of the new price system and the new price system and the new salary system. The initial transformations resulting from price supplements to salaries demand that we continue to adjust the price and salary systems. Slowness in that regard will create obstacles and problems for production, commerce, and the circulation of goods and money.

We are implementing Resolution 8 on prices and salaries in a situation of unstable economic and social conditions, of production that is not yet solid and is in many regards imbalanced, the market continuing to undergo upheavals and the budgetary and monetary deficits still being great, and the bureaucratic, subsidizing mechanism having been condemned but the present system of management systems, policies, and regulations has not been changed very much. The specific situation at present demands that appropriate steps be taken to ensure solid results, create conditions for continuing to advance, and avoid creating bad developments and unnecessary shortages which cause the economic-social situation to become more unstable. We must resolutely eliminate bureaucratism and subsidization in prices and salaries in the spirit of Resolution 8. As the Political Bureau observed in the resolution approving the plan to adjust prices and salaries, "That is a process of all-round, resolute, urgent effort and solid progress. The full calculation of expenses, the elimination of subsidization, and the elimination of deficit supplements in the national economy must also be carried out step by step, in a manner appropriate to the specific situation at present, and we must advance to the full implementation of the principles set forth by the resolution of the Party Central Committee." Problems regarding prices and salaries cannot be resolved all at once: the actual situation does not yet allow the complete and immediate elimination of bureaucratism and subsidization. But we must not hesitate to eliminate what can be eliminated immediately. We must temporarily tolerate the things that cannot yet be eliminated by means of transitional forms and measures. Steps that are appropriate to the actual situation and conditions are not only solid steps but are also the most rapid.

Principles for resolving the price problem:

That spirit is manifested in the present policy regarding the adjustment of prices and salaries.

With regard to prices, Resolution 8 sets forth the principle of adjusting prices by setting prices that are in line with the actual value and purchasing power of money, taking the initiative in applying the law of value and the supply-demand relationship, using the price of rice as the standard for calculating the other prices, and implementing a single price mechanism throughout the price system.

According to that principle, the prices of rice and the other agricultural products are determined on the basis of agreements between the state and the peasants to ensure that producers can meet expenses and earn a rational profit. The price of rice was set during this year's winter-spring rice season, when the peasants sell the most rice. Thanks to a rational price policy and the support of the peasants, during the recent winter-spring season the state purchased rice and the other agricultural products more favorably than ever, especially in the north. The prices that were set were the bases for determining the price standards for purchasing paddy beginning with this year's 10th month season. The Council of Ministers will, according to the specific situation of the harvest and the supply-demand relationship in each area, appropriately adjust rice prices in each production season.

The determination of prices is more complicated with regard to materials and industrial goods. The spirit of Resolution 8 is to calculate all rational expenses in the production costs of products, i.e. to calculate fully and accurately what has been "invested." Calculations must not only be accurate but also full. But the present management situation does not yet permit correct calculations. Prices must be calculated on the basis of the expense factors of the state production units. Due to many reasons, those expense factors are in many regards irrational: material expenditures and labor expenditures are very high because the use of equipment expenditures is very low; there is great waste of energy and materials; the management and use of labor is very deficient, the indirect labor apparatus is too large, and there are also "negative expenditures" the loss of materials and products; and finally labor productivity, product quality, and the effectiveness of production and commerce are very low. In addition, with present mechanisms for determining production costs and prices it is difficult to accurately account for production costs. All of those irrational factors and distortions were previously hidden by subsidizing price and salary mechanisms. Calculated in terms of the new prices and salaries, production costs have greatly increased. The price of one product was calculated in the production cost of another product, caused a chain-reaction effect which caused the production costs of industrial products and export products, and transportation costs, to rise very high in comparison to the price levels determined on the social market. If "inputs" are calculated in that manner the "outputs" will not be accepted by society, or will push prices on the social market upward and the prices of rice and the other agricultural products will change along with them. Thus the new price level, based on the rice price standard, will be shattered. Price adjustment will enter a vicious circle. If the problem is resolved only

by dealing with "output," i.e. calculating all expenses and all irrational factors in the "inputs," while the product selling price, i.e. the "output," is determined by the capability of the market to accept that price, the prices of many principal products will be lower than cost and the state budget will have to make up for excessive deficits and will not be able to bear the burden. Furthermore, if deficits are not made up for in the "input" phase but large deficits are made up for in the "output" phase, subsidization cannot be eliminated.

The actual situation forces us to select a transitional solution: on the basis of the price level and the price ratio relationship that are taking form on the social market to determine the prices of imported materials and the prices of the other principal production materials, so that production costs, the wholesale prices, and the state consumer goods retail prices and service prices, cannot exceed the purchasing power of society or exceed the market price at an unacceptable level, and not upset the principal economic relationships, especially the worker-peasant relationship and the relationship between prices and salaries.

That method of dealing with the problem leads to the following situation:

The internal price settlement ratio vis-a-vis export goods is on the average still higher than that of imports. In other words, each dong worth of imported materials and goods is sold in our country at less than the amount of Vietnamese money we had to spend to purchase that dong of foreign exchange. The state budget will continue to bear the burden of making up for those deficits, although to a lesser degree than in the past. The important matter vis-a-vis production and commerce is the price ratio regarding each group of export goods and each type of import goods. In order to deal with the price disparities between the groups of goods, the state will promulgate import taxes along the lines of encouraging exports, the improvement of the structure of export goods, and economy in the consumption of import goods.

The depreciation of fixed property is calculated only to cover major repairs, while basic depreciation is calculated at a low level and is insufficient to meet the requirement of recreate fixed property.

With regard to some of goods, such as iron and steel, POL, etc, it is also necessary to distinguish between prices at which they are sold to the state production sector and prices at which they are sold to peasants for use as production means or as consumer goods. Thus a small number of products will still have two, or even three, prices. The one-price mechanism will be applied generally, but will not include all goods. The principal reason is that if the prices of such goods to the state sector increase to the level at which they are sold to the peasants or to consumers, the prices of machinery and metals, transportation fees, etc, will increase greatly and create chaos in the price system. That proves that the production effectiveness of the state sector is too low and is inferior to the other economic components. That situation arose from the bureaucratic, subsidizing mechanism, which we are unable to completely eliminate all at once.

Although it makes expenditures to a certain extent in the "input" phase, it must continue to make up for deficits in the "output" phase, with regard to the retail prices of such manufactured consumer goods as stationery, cotton cloth, glass products, rubber products, metal products, machinery, books and periodicals, etc.

Thus the present price adjustment will not completely eliminate subsidization, and the state budget will have to continue to make up for a rather large number of deficits. While forced to accept that transitional solution, we realize even more clearly the necessity of endeavoring to arrive at correct prices. A long period of time is required to establish correct prices and correct settlement price ratios. That period of time is one that is sufficient for the basic level and the enterprises to exercise their right of initiative in lowering production costs, increase productivity, and improve quality and the effectiveness of production and commerce in order to establish rational production costs, i.e. production costs which fully and accurately take into account the expenses truly necessary to produce products, and not including unnecessary and incorrect expenses, as at present. On the basis of the present situation, the capability to lower production costs is still very great and can be realized in a relatively short period of time, provided that there is a correct mechanism. To accomplish that, additional time will be required. Whether the time is short or long will depend on whether we are fast or slow in changing over to cost accounting and socialist commerce, and on whether we are fast or slow in expanding the right of the basic level to take the initiative in production and commerce.

We have adopted the policy of managing prices in accordance with an "active" mechanism and do not maintain prices rigidly, apart from the actual situation. But that does not mean that we take lightly the mission of endeavoring to stabilize prices, a very important aspect of stabilizing the economic situation and living conditions. In the present price adjustment it is necessary to endeavor to maintain the new price system. The most important matter is that the sectors and echelons enable the state to master the market, especially with regard to grain and the other essential goods and materials, control the sources of goods at the roots, distribute consumer goods directly to the people, and tightly manage and endeavor to stabilize, the markets and prices. During the recent period there have been a number of clear transformations in changing over commerce to socialist accounting, controlling the market, and promoting socialist transformation. The complete readjustment of the price system and the new salary system ensure the improvement of the living conditions of cadres, workers, and the armed forces. The money exchange helps the state take the initiative in managing money and meet the requirement for the circulation of money according to the new price and salary structures. It is one of the favorable new factors which the sectors and echelons must promptly bring into play in order to strengthen their control of goods and money, master the market, and stabilize prices. From a few days before the money exchange until now market prices have undergone upheavals and have not returned to normal. We must take resolute steps to promptly bring an end to those unusual upheavals and pull prices down. We cannot allow the prolongation of the situation of the commercial sector holding back goods and waiting for prices to stabilize, thus abandoning the market and allowing the private merchants to resume their activities.

The principle for resolving the salary problem:

Salaries: The new salary system, which is about to be promulgated and will be applied uniformly nationwide beginning on 1 September 1985, was drafted in accordance with the principles, stands, and measures set forth in Resolution 8.

--With a minimum salary level for areas with the lowest cost of living, the other areas have additional supplements to make up for the cost of living differences and the living standard of salary earners is higher in comparison to the system of making price supplements to salaries. Cost of living supplements are reviewed every 3 months to ensure that real wages do not decline when prices increase. Salaries include payments for dependents. In the event that there are many dependents and difficulties are encountered, social welfare payments are made. Thus the new salary system attempts to meet the requirement set by Resolution 8: ensuring that salary earners live mainly by means of their salaries, reproducing the labor force, and being appropriate to the capabilities of the national economy.

--The new salary system eliminates the supplying of in-kind goods in rationed amounts and deficit payments of a subsidizing nature. The positive effect of that feature was clearly manifested when implementing the addition of price supplements to salaries. However, it is necessary to make a clear distinction: under the circumstances of a scarcity of goods, with regard to a number of essential goods which the state is not yet capable of selling regularly the selling of rationed amounts according to ration booklets or coupons is necessary to ensure a rational consumption policy. In some places, especially in the municipalities and industrial zones the system of selling in rationed amounts must be retained with regard to grain, cooking fuel, and some kinds of essential goods which the state is not capable of selling on a regular basis. We have only eliminated its subsidizing nature, i.e. eliminated selling at excessively low prices, as if practically giving them away, and changing the supplying of goods into a type of in-kind salary that is unrelated to the labor time or results.

Furthermore, it is necessary to realize that in the new salary system the elimination of in-kind salary payments of a subsidizing nature applies only to the most important part: goods supplied by the commercial sector. Some other types of in-kind goods, such as housing, electricity, medicine, vehicles, etc, are not included, or are included only partially, in salaries. Therefore it is not yet possible to ensure the correct implementation of the principle of distribution according to labor or bring an end to the lack of fairness and negative phenomena in the supplying of such goods. We realize that but cannot resolve those problems immediately because our financial capabilities do not allow us to do so. Furthermore, the simultaneous resolution of many complicated problems will retard the building and implementation of the new salary system, which the cadres and workers are awaiting.

In the new salary system, the salary and allowances relationships among the sectors, trades, are rearranged in order to do a better job of implementing the principle of distribution according to labor, and emphasize the important sectors and trades, the technically complicated sectors and trades, difficult,

unhealthy working conditions, and the areas which require additional labor. Special attention is given to the armed forces, such sectors as public health and education, and to providing more suitable allowances for village and subward cadres.

However, with the disparity between the maximum and minimum new salaries we can only partly overcome egalitarianism and irrationality in the new salary system. It is necessary to endeavor to improve the economic-financial situation, accompanied by the rearrangement of the organizational apparatus and the increasing of labor productivity and work efficiency, for only then will it be possible to improve salary system.

Change all economic activities over to the new management mechanism.

The adjustment of the price system and the changing of the salary system are truly important improvements. Which open the way for the implementation of Resolution 8. They are offensive blows against bureaucratism and subsidizing and create favorable conditions. At the same time, they demand the renovation of all aspects of the management mechanism and the changing over of all economic activities to economic accounting and socialist commerce, and promptly form a new management mechanism to further the in-depth development of the economy and the better exploitation of all existing production capabilities.

That is an extremely complicated problem. It strongly affects all economic and social sectors and activities and fulfills the requirements and aspirations of the cadre and popular masses, while at the same time affecting the thought and livelihood of many people. The enemy and bad elements, who have long relied on subsidization in prices and salaries to make illegal profits will not yet by quietly and watch us work. It is a struggle which must be meticulously organized and implemented as precisely as a large campaign in which the combined strength of the proletarian dictatorship is mobilized, combined with educational, administrative, and organizational measures to create a strong mass movement and ensure victory. The most important matter is that the hard-core forces of the proletarian dictatorship along with the vanguard leadership must firmly grasp the viewpoints of Resolution 8 and the resolution of the Political Bureau on adjusting prices and salaries, have a high degree of determination and unanimity, and strictly implement the decisions of the Party and state. The Political Bureau requests "all sectors, echelons, and basic units to strictly enforce state discipline regarding prices, salaries, finance, and cash, and strictly punish all arbitrary changes of the prices and price ratios set by the central echelon."

All organs and sectors, including the organizations not directly engaged in economic work, are responsible for implementing the resolution of the Party Central Committee and the Political Bureau on prices, salaries, and money. All sectors and organs at all levels, and all production and commercial units must have action programs and plans, according to their functions in order to contribute as positively to victoriously implementing the resolution of the Party and the policies of the government.

AGRICULTURE

NHAN DAN URGES SUCCESSFUL WINTER-SPRING CROP

BK251530 Hanoi Domestic Service in Vietnamese 2300 GMT 23 Oct 85

[NHAN DAN 24 October editorial: "Concentrate Efforts to the Highest Degree on Achieving a Successful Winter-Spring Crop To Compensate for Shortfalls in the 10th-Month Crop"]

[Text] Natural disasters have inflicted extremely heavy losses on the 10th-month crop, especially grain production, in many localities and have caused a large number of material and technical bases, particularly water conservancy projects, to collapse, thus affecting their ability to support production. Along with tending, protecting, and harvesting the 10th-month rice, it is necessary for all localities throughout the country to concentrate efforts to the highest degree to ensure complete success of the 1985-86 winter-spring crop to compensate for shortfalls in the 10th-month crop.

The most important objective of the winter-spring crop is to increase grain production while carrying out agricultural development in every respect, with attention being given to export crops. Based on the calculations of the agricultural sector, all localities throughout the country must increase rice acreage by 1 percent over the previous winter-spring crop and the rice yield by more than 13 percent so that, in the final stage, they will be able to increase rice output by over 14 percent.

In all localities, especially in An Giang, Kien Giang, Long An, and Dong Thap Provinces, it is necessary to ensure the acreage of the winter-spring rice crop--the rice crop that is capable of producing the highest yield. Efforts should also be made to develop areas of intensive rice cultivation on 1 million hectares to attain a high yield. In these areas, the rice yield must be increased by 25 percent over that in other areas and intensive cultivation must be stepped up.

Subsidiary crops account for a relatively large part of the winter-spring crop acreage. We must strive not to allow the cultivation of subsidiary crops to decrease; instead, we must increase it by 76,000 hectares over the previous winter-spring crop and attain 142,000 metric tons of subsidiary crops in paddy equivalent. It is also necessary to expand the areas of corn, sweet potatoes, and manioc with special attention being given to intensive

cultivation to ensure a high yield. Like rice, subsidiary food crops must be intensively cultivated in certain areas to achieve high output. Intensively cultivated corn, which accounts for 25 percent of the total acreage, must yield 50 percent more than average so that total output will include more than 30 percent of corn for use as food for man and feed for domestic animals.

Bringing into play the initiative and creativity of every locality and basic unit is the most important factor for overfulfilling the plan in terms of acreage, yield, and output. Each locality must review preparations made in all respects for winter-spring production, with attention given to ensuring the material-technical bases necessary for intensive cultivation. It is necessary to popularize broadly the technical processes for intensive cultivation and guide production activities according to these processes, and to ensure that the crop cultivation schedule and general cultivation techniques are observed.

Since each crop season has its own difficulties, each locality must formulate different plans to actively carry out production activities under all climatic conditions such as a warm or cold winter and drought at the beginning, in the middle, or toward the end of the crop season. Harmonious coordination of activities will generate an aggregate strength and boost production. Successes in production have been possible for many years now thanks to close coordination among the agricultural, coal, electricity, water conservancy, meteorological, hydrological, and agricultural supply sectors as well as among the various mass organizations to meet the requirements of agricultural production, prevent and control natural disasters, and carry out technical processes toward each type of crops in each area.

It is necessary to strengthen the economic-technical information network within the technical management and guidance system to promptly cope with all difficulties that may arise during production. Efforts must be made to satisfactorily consolidate and manage the various agricultural technical service organizations at the district level, satisfactorily resolve relations among various sectors and echelons in support of the basic unit's endeavor to increase production, and promote various forms of joint business and integration to create conditions for the basic units to receive adequate supplies in a rapid and convenient manner and to assimilate and apply new technical innovations.

The district level plays a very important role in dynamically, creatively, and efficiently supervising production activities during the winter-spring crop season.

The winter-spring crop is the year's most productive and economically efficient crop. By striving to increase winter-spring crop production, we can firmly guarantee an important part of the annual agricultural output. In the storm- and flood-stricken areas, efforts must be made to carry out immediately two tasks--repairing all the material-technical bases, especially water conservancy projects, that were damaged by storms and floods; and stabilizing the people's life in places where crops were completely

destroyed or are producing only a meager yield. By creatively applying the motto: "The state and the people manage together, the people help one another," it is certain that we will overcome difficulties in increasing production during the winter-spring crop season; we will successfully meet all targets, first of all those on the grain production front.

/6091

CSO: 4209/83

AGRICULTURE

RADIO REPORTS RICE HARVEST, PLANTING NATIONWIDE

BK100945 Hanoi Domestic Service in Vietnamese 2300 GMT 9 Nov 85

[Text] Thanks to meticulous care, this year's 10th-month rice crop in various northern provinces has developed fairly well and promises a higher yield than the previous 10th-month crop. Harvesting of the early 10th-month rice crop has been completed in almost all northern provinces with rice yields exceeding 30 quintals per hectare and even reaching 40 quintals per hectare in well-developed ricefields.

Ha Nam Ninh, Thai Binh, Ha Bac, Vinh Phu, and Nghe Tinh Provinces have devoted most of their manpower to quickly reaping each rice plot to create favorable conditions for using tractors to prepare the soil for the winter-spring crop. However, the pace of rice harvesting is still slow and, owing to this, soil preparation for winter-spring production in many northern provinces is not proceeding as fast as it was in the previous years. According to figures released by the General Statistics Department, to date the northern provinces have plowed only 70,000 hectares, or 70.3 percent of the area plowed during the same period last year. Ha Nam Ninh, Thanh Hoa, Binh Tri Thien, Ha Bac, and Hai Hung Provinces, aside from quickly organizing the reception of rice seeds supplied as aid by other provinces, have urgently coordinated the distribution of rice seeds belonging to various localities in their provinces and districts. Along with expeditiously reaping the 10th-month rice to liberate the fields for the planting of the 5th-month spring crop, the Bac Bo Delta provinces are continuing to step up the cultivation of winter crops, concentrating their efforts on growing potatoes, vegetables, and short-term industrial plants.

As of early November, the northern provinces had planted about 130,000 hectares of winter crops, a sharp increase over all the previous years but still representing only 40 percent of the planned target.

To date, the southern provinces have planted about 1.6 million hectares of 10th-month rice, or 20,000 hectares below the planned target. Determined to prevent a shortfall in the 10th-month rice crop output, various southern provinces are concentrating on tending rice plants, especially the late 10th-month rice crop. Some provinces have begun harvesting their early 10th-month rice crop with fairly high yields.

Early November is the best time for planting the winter-spring rice crop in the southern provinces. Striving to maintain cultivation schedules, various provinces are concentrating their manpower on planting the winter-spring crop. Owing to this, to date nearly 100,000 hectares have been planted throughout southern Vietnam, an increase of 11.1 percent over the same period last year.

Long An and Tien Giang Provinces are leading in planting the winter-spring crop, with the former already fulfilling 70 percent of the planned target and the latter fulfilling more than 40 percent.

/9738

CSO: 4200/230

AGRICULTURE

BRIEFS

NEW SWEET POTATO VARIETY--Hanoi, 27 Oct (VNA)--Some provinces in the Red River Delta are developing a new sweet potato variety called "251" potato, which can yield 14-15 tons per hectare and double the productivity of the traditional varieties. The new strain has been hybridized by the Food and Foodstuff Research Institute since the 1979-80 winter crop. This short-term, cold and pest-resistant sweet potato is also tastier than the local species. [Text] [Hanoi VNA in English 1457 GMT 27 Oct 85]

AGRICULTURAL PRODUCTION HIGHLANDS--Hanoi, 27 Oct (VNA)--The central highlands province of Lam Dong has increased its area for winter-spring rice by 1,000 ha over the same crop last year. Also in Lam Dong, the new settlements of ethnic minorities have built 5,000 coffee beds. Each family has put from 1,500-2,000 square meters under coffee. Now, Loc Bac village, Bao Loc District, has 108 hectares of coffee while Suoi Thong A and Ha hamlets in Dong Duong and Duc Trong Districts have 100 and 250 hectares of coffee respectively. Farmers in Bao Loc District are raising 6,000 swarms of exotic bees of the alifica species, 5,800 swarms more than in 1982. Four thousand of these swarms are raised by private apiculturests. The district has so far supplied more than 7,000 swarms of seed bees for northern provinces. In the past 9 years, more than 220,000 persons, including 103,000 workhands, hailing from many parts of the country have settled in 25 new economic zones in Darlac Province also in the central highlands. Besides food plant they have planted coffee, rubber and timber trees. [Text] [Hanoi VNA in English 0710 GMT 27 Oct 85]

/9604

CSO: 4200/194

HEAVY INDUSTRY AND CONSTRUCTION

BRIEFS

HAIPHONG CEMENT PRODUCTION--Hanoi VNA 9 Nov--By the end of October, the Haiphong cement plant had turned out more than 201,000 tons of cement, accounting for more than 80 percent of its yearly plan and increasing by thousands of tons over the same period last year. In October alone, the plant turned out more than 27,000 tons of cement, the record figure since the beginning of this year, which is 1,000 tons more than planned. The cadres and workers of the plant have applied 830 initiatives into production, saving nearly Vn Dong 170,000 for the state. [Text] [Hanoi VNA in English 0802 GMT 10 Nov 85]

/9738

CSO: 4200/230

TRANSPORTATION AND COMMUNICATIONS

BRIEFS

DANANG PORT QUOTA FILLED--Hanoi VNA 9 Nov--By October 31, 1985, the Port of Danang in the central province of Quang Nam-Danang, had completed its 1985 plan and its five-year plan (1981-86) incargo handling two months ahead of schedule. Since 1983, more than 80 percent of the ships calling at the harbor have been unloaded from 2-12 days ahead of schedule. The port has reorganized its production chain and applied a new system of management based on contract quotas assigned to each production group and each laborer. [Text] [Hanoi VNA in English 0801 GMT 10 Nov 85]

/9738

CSO: 4200/230

END

END OF

FICHE

DATE FILMED

18 December '85

Handwritten text in the top right corner, possibly a date or signature.